

**SPECIAL REPORT:** An economic tempest sweeps Russia and Asia and slams into Canada

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CANADA'S WEEKLY NEWSMAGAZINE

SEPTEMBER 7, 1998

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CANADA'S  
WEEKLY  
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# This Week

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## Why kids can't read

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## SPECIAL REPORT:

## The currency crisis

A frightening economic jolted savings in from Russia and Asia, pushing Canadian interest rates up and sending the dollar and stock prices down.



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## Coming-of-age with Atwood

Rosemary Sullivan's new biography untangles the roots of Margaret Atwood's vision and confidence, and her ability to juggle literary success and domesticity.



## 50 Popping the muscle pill

His sugar, Mark McGuire's admission that he takes a drug to build his strength landed his pursuit of the home-run record?



# From The Editor

## Fifty-plus-one is not enough



**C**all it premature: Call it Pollyannaish. But it could just be that the Supreme Court of Canada's Aug. 20 decision in the Quebec secession reference has killed off the separatist option. Consider the obstacles that pave the way for Lucien Bouchard and his Parti Québécois pro-sep, namely, winning a clear majority in a clear question. History and the odds suggest that he cannot.

Any referendum has to be based, in the court's words, on a "clear question"—quite unlike the one the PQ composed in 1995 that asked if "Quebec should become sovereign, after having made a formal offer to Canada for a new economic and political partnership." And after promising to keep Canada's passport and currency, the septuaginta still fell short, with 60.4 per cent of the vote. They did even worse in 1980 (50.5 per cent) with a 200-word proposition that asked for a referendum on secession. "A new agreement with the rest of Canada" based on sovereignty association and a promise of yet another referendum before anything changed. If Bouchard is re-elected, in the third referendum he promises he would have to come closer to Poutine's ill-fated Jean-Jacques (pre-posed) question: "Do you want to separate from Canada?"

Such clarity, actually, is the norm in secession referendums. In the most recent case at hand, the people of Nevada, which forms a prefectural government with the neighboring state of St. Kitts in the western Caribbean, voted in August on this question: "Do you approve of the Nevada secession bill and Nevada becoming an independent state?" In Slovenia in 1990 it was "Should the Republic of Slovenia become a sovereign and independent state?" In

Lithuania in 1991, it was "Do you want Lithuania to become an independent and democratic republic?"

Bouchard claimed last week that a vote of 50-per-cent-plus-one is "sufficient." He should know better. In 1992, Bernard Landry, now his deputy premier, acknowledged that any independence vote would have to carry among a majority of Quebec francophones. "For the Yes victory to be legitimate, he would need 58 per cent of the vote to take into account the fact that anglophones and allophones vote in blue on that side." Two-thirds of Quebecers in an Angus Reid poll last week agreed that 50-plus-one is not enough. Charles's intergovernmental affairs minister, Stéphane Dion, was quick to embrace the court's opinion that an independence vote would require "a clear expression of a clear majority of Quebecers." As he rightly told the premier in an open letter last week: "You can no longer claim to be the sole judge of the clarity of the question and of the majority."

Federal officials cannot find any indication in their copious files of caution splitting up embryonic things so ancient as a 50-per-cent-plus-one vote—in fact, anything less than 70 per cent. In 1992, the result was 64.7 per cent in favor—but that fell short of the two-thirds majority required by law. The referendum in Slovenia required only a 55-plus-one vote, but it carried with 85.7 per cent in favor. In Lithuania the Yes vote was 92.2.

Breaking up is hard to do.

*Robert Lewis*

Editorial Editor Robert Sheppard: "Too many schools don't have the resources to deal with them. But the research has the potential to revolutionize the way that many kids can come to terms with the written word."

### Dr. Faith returns

Alan Fotheringham returns with his back page column next week, after recovering from prostate cancer surgery in June. Peter G. Newman, who ably stood guard for Faith during the past 13 weeks, will resume The Nelson's Business column in its usual spot in the magazine, after the Business section—but not before revealing his own summer medical crisis on this week's back page.



## Newsroom Notes:

### Reading and writing

**T**his week's cover package explores the breakthrough that researchers are making in cracking the code of reading disorders—and the concerted battle to make sure for special learners in disadvantaged public schools. "In many aspects, reading disorders are the dirty little secret of the school system," says



Sheppard: the code

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Details chef Michael Bloom excites Canadian cuisine

## Canadian cooking

How exciting to see your magazine featuring Canadian chefs and the food they create ("Hauts Canada," Cover, Aug. 24). For two busy years, Canadian cuisine and chefs have been in the background of our culture. Canadian chefs have consistently placed well in international competitions, while in our own country they are generally ignored. Cooking is probably the only art form that does not require a Canadian-born grant. Chefs, keep up the good work.

Larry de Vries  
Brimley, Ont.

My friends and I are still laughing about "Hauts Canada." When I married a Saskatchewan farmer in 1977, I began not only raising my own chickens and growing a large organic garden, but adding two cows twice a day and separating the cream. I had only to look out my kitchen window to see the free-range cows and pigs that would be in our freezer come fall. I also baked my own bread. As we were marvelling at the \$225-per-cow price tag for a cow reported in

your article, my friend had a good idea. For a mere \$120 per person we will treat you to an authentic Prairie harvest meal—all purchased, fresh (homogenous ingredients)—and if you're really lucky a grasshopper may land on your plate for that extra-special touch. City suckers? City suckers is more like it, if you can't do backhoe country folk.

Shirley E. Dietz  
Seymour, B.C.

How can you write about wines and food and so slight British Columbia ("Grape while north," P. 1) will grant that our wine production may not be as great as that of the Niagara region, but it has everything in much quality. The Canadian wine industry owes its origin to Walter Hulse of Pritchard, B.C., who made the first ice wine in this country back in the '70s. His son, Thomas, of Hulse Wineries still produces some of the finest available.

Arthur E. Goss  
Whistler, B.C.

## Curtola's credits

You seem to have a shortage of knowledgeable locations or still, I guess, think that Bobby Curtola was responsible for *Gh. Donna* and *Put Your Hand on My Shoulder* (Opening Notes, Aug. 24). Anyone who's ever known the joys of Bayliss and penny loafers could tell you *Gh. Donna* was the work of Richard Valente of *La Bomba* house, and *Put Your Hand on My Shoulder* was penned and sung by Ottawa's Paul Aske. Curtola's list included *Portwine Teller*, *Hand in Hand* with Rex and Don't You Stand There! Me.

Roger Corrie  
Windsor

## 'Unfinished business'

I am disappointed that Peter C. Newman is so far off the mark in "A treaty that threatens the national agenda." (The Nation's Business, Aug. 18). The Naga's agreement is not about restitution for past wrongs or collective guilt. It is about acknowledging that aboriginal people in British Columbia have constitutional rights and that, as the only Canadian province never to have made treaties, we operate in an environment of uncertainty about the land base. The agree-

## Water-bomber pride

I have just read "Raging inferno" and feel the reference to the "four-engine American Martin MARS water bombers" needs explanation (Canada, Aug. 24). These aircraft are indeed American-built, in San Diego, in 1941. In the early 1960s, the two planes—the largest flying boats ever to fly, not counting the famous Spruce Goose Howard Hughes kept in a bay—were purchased by Canadian timber companies and converted into water bombers at Port Bay Airport near Victoria. Two engines have been based at Port Alberni's Spruce Lake for more than 30 years. Port Alberni is very proud of these aircraft and thinks of them as its own. They may have been American-built, but almost every moving part has been replaced over the three decades they have operated out of British Columbia.

Gordon Scotland  
Port Alberni, B.C.

ment is about completing the unfinished business of the past century, reconciling divided communities and creating a future in which all our children can have equal opportunities. If the treaty was in fact because of a referendum, it would not be left for us to decide a "more modest solution." The Supreme Court of Canada would act on the clear message it has sent us and settle land claims through a timely adversarial process where everyone stands to lose. There would be no referendum then.

David J. Smith  
Pawson

## Paying the price

I was surprised to read a graduate student of agricultural economics at my alma mater write that "the decrease in the value of the Canadian dollar is good news" ("Canada's value," The Mail, Aug. 24). With that reasoning, think how happy we would be with a 25-cent loonie. Has he considered that farmers replacing their equipment will pay in U.S. dollars? The depreciated Canadian dollar is exactly that—depreciated.

B. F. Thomas  
West Vancouver

## Guaranteed income

William Cline is being in a leftist dream world. "A guaranteed income for all," the *World Almanac* (Aug. 24). His idea would ensure that Canada, bankrupt now, could never recover. Furthermore, how dare he



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Another View



# Charles Gordon

## Beware! The end of the world is nigh

**I**n the absence of real threats, such as the Constitution, the warmest thoughts of Canadians turn to the end of the world. All the signs point to the end of the world and it is always fun to contemplate it on the dock.

Assessing signs of the end of the world is the best, great long stretches of it, even in places where August is often sweeter weather. Day after sunny day, night after warm night, without rain, until there is a kind of emotional let it sit. Sure enough, the newspapers bring news of the warmest July on record. They add the end-of-the-worldish notion that the jet stream "is almost nowhere to be seen." Meteorologists in our newspaper article say the situation over Western Canada resembles an Omega Block. Uh-oh.

In the situation that resembles an Omega Block, the low-pressure systems that might bring moisture and cooler air are somehow prevented from doing so. Thus, in this summer's episode of newspaper science, we are threatened with extreme temperatures for the 50 days after the article appears.

And after that, surely there will be the storm to end all storms, the rain to end all rain, since Canadians always pay for a good weather they are fortunate enough to experience. You know, a mild winter just as the ice storm in Quebec and eastern Ontario in January. And there are predictions of a dire winter on the Prairies.

As if that were not bad enough, there is the Canadian dollar falling through one successful magical barrier after another—this despite the fact that our economy seems strong and our government has been a good lay, doing all the things that the international financial bodybodies have been telling it to do. Things happen in Russia, things happen in Japan, and all the people who buy and sell currency look at us as if it were our fault. It doesn't make sense. But then, the weather doesn't make sense either.

The sense of our fate being beyond our control—that summer thrill—is intensified dramatically by the latest Y2K news. If you need to refresh your memory after a summer on the dock, Y2K is shorthand for what happens when all the computers in the world stop working at the stroke of midnight as we enter the year 2000.

When the computers stop, electricity goes off, traffic lights stop working and all sort of appliances and machines that have certain kinds of computer chips embedded in them will break, being computers and not smart. Like people, that is. In 1969, Space computers were not invented in 1969, those computers will say, "What the—?" and, just to be on the safe side, come to compare. Nobody is completely sure which machines those are, but, governing on the dock, we contemplate a new century

without microwaves, toaster ovens, electric plasters, leaf blowers and personal watercraft—which is not so bad, really.

Besides, human beings and governments are working on it. But we are joined back to grim end-of-the-worldness by an article in *World*, table of the computer generation, that tells of several computer warriors, specialists in fixing the Y2K bug, who have given it up. Instead in the hillsides become GeneXware warriors, also killing cancer vegetables and weapons, just to be on the safe side. "The Y2K solution ran for your life!" is the headline.

North Americans have always had the need to be afraid of something, which is why the horror movie was invented on this continent and not in Africa. As the threat of communism and (perhaps) nuclear war faded, the search for new villains began. In popular culture, the big names were about plagues and viruses. Now, we

have Y2K and, in geopolitics, here, just when we need him, is Osama bin Laden, described (some U.S. saw service dispatch as "America's terrorist nightmare come true, a real-life Osama bin Laden with connections in every continent who can harness electronic networks and high-tech weaponry to strike throughout the world."

He's a perfect summer villain, and why does he seem so familiar? Because we've read about him in a dozen places. He of course. Do we believe all that stuff about him? On the dock we do.

And who will the forces of justice and decency send out to do battle with him? Why, the President of the United States, of course. He may seem to be a bit embarrassed at the moment, but actually his life is perfect for the end-of-summer block buster we imagine. There has been a lot of comment, much of it negative, on the entertainment pages lately about the fact

that all the 50-year-old actors—even some 60-year-olds—are paired off in the movies with women in their 20s.

The President of the United States fits the bill there. For a new summer scare think of the President of the United States as the ultimate Y2K bug, the leading edge of a rapidly expanding group of 50-year-old men who see it as their right to accustom themselves with only the youngest of women. Forget Y2K. Lock up your daughters.

In our fight to the sports page, where we find out that the savior of baseball, Mark McGwire, has been increasing his strength in chemical ways. Half the less say McGwire is a hero and baseball is dead again, the other half say there's nothing wrong with McGwire's using his power come naturally, better since everybody else is doing it. Baseball is either downed or tainted beyond recognition—for a while, the end of the world either way.

The end-of-summer storm, when it comes, is not as brutal as we feared, or thought we deserved. The good weather returns, along with the Constitution.



# Opening NOTES

Edited by TANYA DALYDEN



## Home, monster home

**I**n the Reuter's proposed dream house, Fair Field, is a suburban for his neighbors. The American millionaire is planning to build a 300,000-square-foot estate on a 20-hectare oceanfront lot in Sagaponack, N.Y., an exclusive Hamptons summer spot 100 km east of Manhattan. Reuter's estate would become the largest home in North America. Averaging the 4,500-square-meter White House in Washington, it would be nine times bigger than the Prime Minister's residence, and almost three times the size of billionaire Bill Gates's megamansion in Medina, Wash. But Reuter's 20-bedrooms, 20-bathrooms mansion won't go up without a fight from the town. Reuter's neighbors are claiming that he is planning to start a religious school on the property—there is a strong suggestion of Zionist overtones—or a cantina and a casino. For evidence, they point out that 700 square metres of the house have no specified use in the plan.

A native of Brooklyn, Reuter, 65, is a reclusive multimillionaire. His holding company, Reuter Group, buys troubled businesses that have violated federal and state environmental laws, on the chance that lawyers claim for the cost purchase. His architect submitted building plans for the Hamptons house to the Sagaponack Architectural Review Board last January, a time when most property owners were back at their winter homes and therefore not likely to fight the permit. The proposal for the two-story limestone villa included a kitchen with a refrigerator and a garage for 200 cars. The board said it was "unconscionable" with the surroundings and gave Reuter the green light.

But now, the Sagaponack Homeowners' Association, a group of well-to-do residents, is protesting the building permit. They have sued \$10,000 to retain a lawyer and filed their case before the local zoning Board of Appeals, and the state Supreme Court if necessary. Reuter has vowed to sue with the group, but declined a statement promising to sue the estate "as a private residence." He shouldn't expect a welcoming neighborhood party.

## A dogfight over the Arrow

**A** motorcade Indiana Jones adventure is set, but the heat for a second piece of Canadian aviation history is heating up between two rival firms. The last treasure in question, four huge-scale models of the mythical Arrow jet fighter, the Cold War supersecret aircraft built in Canada that never went into production, once thought it was generally acknowledged in the best in the world. During the Arrow's development in the mid-1950s, Aero International built the scale models over Lake Ontario to test the aerodynamics.



Scott, doing his homework to retrieve the jets

as theorized to do that," says Saunders. He is entering to win an archaeological license issued last month by the province of Ontario. The foundation also held the license in 2005 and 1984. Scott's group has applied for one. "I don't want to make it look like there's a squabble between us," says Saunders. "But quite frankly I want to do my thing regardless of what his plans are." It is a similar sentiment. "We've done all the homework and these people haven't," says Scott. "They've been piloting around for four years and haven't got a thing." With both groups out of funds, though, their options for Arrow remains are still up in the air.

## EMPORIUM

According to Statistica Canada's Motion Picture Theatres Survey, the number of movie theatre tickets sold in 1995-1997: **85.4 million**

Movie theatre ticket sales in 1995-1996: **85.8 million**

The total spent by moviegoers at the snack bar in 1996-1997: **\$175.7 million**

The number of constant drive-in theatres: **89**

Drive-in ticket sales in 1996-1997: **2.4 million**

Drive-in ticket sales in 1980: **\$3 million**

## GOLF FARE POLL

It must be the Sun & Snow for cocktails. When 1,400 Canadians were asked whether they consume beer, wine or spirits, more 25 and under and they drink spirits more than any other age group. By percentage of adults:

	Total	Under 25	25-34	35-44	45-54	55+
Beer/spirits	60	70	66	62	58	49
Wine/spirits	63	66	60	61	65	62

Source: Statistics Canada, 1998

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## DOUBLE TAKE

### Don Mazankowski

**A**ny politician, be it a member of parliament or lobbyist in Ottawa in the 1960s and '70s who wanted to get something done, turned to Don Mazankowski. In 1980, after serving as the Tory MP for Vancouver, Alta., for 18 years, the man known simply as "Mac" was appointed deputy prime minister, a post he held, along with other Ministry cabinet portfolios, in the next seven years. Shortly before his retirement in 1995, Mazankowski was given a rare honor: the title of Right Honourable, which is usually reserved for prime ministers.

LENN FRIEDER

## CAPITAL CONFIDENTIAL

**P**reston Manning is hoping that when MP Jim Harcourt returns to the Reform party caucus next week he'll throw other internal critics. But grumbling cautions is a party that is serious to take the right. Take the last statement from former MP Richard Wagner—the only Reform ever elected out of Manitoba. "There are some realists in the caucus and that kind of sense doesn't go into Ontario," says Harper, who was elected in that province's riding of Simcoe Centre in 1989 and served before Reform lost the seat in the 1992 election. He says that during his three years in Ottawa he grew weary of regular spats with a small group of radical Reformers.

The growing divisions are not based simply on ideological bickering between the West and Central Canada. Reform's warriors are even starting to fight among themselves. Harcourt's outcasts drew new faces from other disgruntled R.C. members, including Ted White and Keith Martin. That the outcasts appear to be stemming from British Columbia doesn't surprise fellow MP Bob Mills, an Alberta. He argues that because of their tumultuous political history, British Columbians aren't good team players. "They're not to be made individuals," says Mills, adding, "They're different, but not all bad."

## MAZANKOWSKI NOW IN 1970: OASIS 'SUPPORT'

"I do have certain talents that I was able to help our government with," says Mazankowski, who now 63 and a Vancouver-based business consultant.

A self-described farm boy, Mazankowski owned a local car dealership before going to Parliament in 1980. Despite being elected to the ruling Tories in inner circle, he never became a personal friend of Prime Minister Joe Clark.

Minister from 1981-1985, he presided over the beginning of the federal deficit, but now boasts that the Conservative government's reduction of the deficit is due to such Tory initiatives as free trade and the GST. "The policy framework was laid out by us," he says, "and the Liberals have taken it."

When he isn't working, Mazankowski goes to his cottage north of Vancouver with his wife of 40 years, Lorraine. They have three grown sons and three grandchildren. While he has periodic urges to return to politics, he concedes that 25 years is enough. "All I can say is that I've been there, done that."

## BEST-SELLERS

### FICTION

1. *Station 19* by Tracy Clayton (1)
2. *I Have This Secret to Tell* by Robyn Lee (2)
3. *A Million in the Past* by John D'Emilio (3)
4. *The Emerald Secret* by Andrew Davidson (4)
5. *Point of Sale* by Anthony Bonner (5)
6. *Reigning Winds* by Michael Ondaatje (6)
7. *So Much* by Ron Hay (7)
8. *Secrets* by John D'Emilio (8)
9. *Reigning Winds* by Michael Ondaatje (9)
10. *Death in the Summer* by William Trevor (10)

### NONFICTION

1. *Angels' Dances* by Andrew Davidson (1)
2. *My Mother's House* by David Shields (2)
3. *The Mysterious Mr. X* by David Shields (3)
4. *A Week in the Woods* by John D'Emilio (4)
5. *Being the Best* by Michael Ondaatje (5)
6. *My Mother's House* by David Shields (6)
7. *Who Am I? (David Shields)* by David Shields (7)
8. *My Mother's House* by David Shields (8)
9. *My Mother's House* by David Shields (9)
10. *My Mother's House* by David Shields (10)

## Art and nature unite on the page

**A**rtists' children are the new thing. The book *The Art of the Artist's Child* is the companion book to an exhibit of children's drawings by 20th-century American artists. James Audubon's *The Birds of America* is the opening at Toronto's Art Museum on Sept. 19 before touring Canada for two years—directly opposite each other as the exhibit goes back.



## Passages

**DIED:** Retired United States Supreme Court Justice Lewis F. Powell, 92, of pneumonia in Richmond, Va. The grant was appointed to the court in 1971 by president Richard Nixon.



on a common political action, he often cut deals that determined the outcome of some of the court's most closely contested and controversial cases such as affirmative action and the constitutional rights of homosexuals. He retired in 1987.

**DIED:** Cancer radiation treatment pioneer Harold Johns, 83, of Parkinson's disease in Kingston, Ont. In the 1950s, Johns discovered that cobalt-60 radiation therapy was an effective treatment for cancer. He was appointed to the Order of Canada in 1977.

**DIED:** Emmy Award-winning actor E. G. Marshall, 84, in Bedford, N.Y. Marshall was known for his work in television (*The Defenders*), on Broadway (*The Crucible*) and in film (*Twelve Angry Men*).

**DIED:** The father of neutron physics, Frederick Reines, 83, in Oliver, Calif. Reines discovered neutrinos—massless subatomic particles that move through space and matter—in 1956, but didn't receive the Nobel Prize until 1995.

**RETIRED:** National Hockey League right winger Mike Caron, 38, in Toronto. Born in Ottawa, Caron played 19 NHL seasons. The last two with the Phoenix Coyotes. He scored 708 goals, fifth highest in league history.

**APPOINTED:** Paul Tough, 30, as editor of *Saturday Night Magazine*, in Toronto. Tough, who is from Toronto, is replacing Kenneth Wynn, who left to become editor-in-chief of *Good Luck's* as yet unnamed magazine. Tough spent five years as an editor at Harper's magazine in New York City.

# The price of equity

## Ottawa appeals a multibillion-dollar compensation ruling

BY JOHN GEDDES

Carol Anne Gensler reduces the government owes her \$20,000, and she is seething with anger at Prime Minister Jean Chrétien's refusal to pay up. Gensler, 45, has worked for nearly two decades in the public service, currently for about \$20,000 a year at Statistics Canada, where she spends her days mainly punching data into a computer terminal. For the past 14 years, her union, the Public Service Alliance of Canada, has been fighting for a pay equity settlement for about 200,000 workers who, like Gensler, fall in the so-called pink collar ghetto. A landmark Human Rights Tribunal ruling in the union's favor on July 20 would force the government to pay up to \$5 billion—far higher than the \$1.3 billion the government has been offering—in compensation for the wage gap between jobs mostly done by women and those dominated by men. So it was no surprise when the government announced last week it would appeal that decision to the Federal Court of Canada, a move Gensler says left female civil servants deeply demoralized. "Most people when I work are so frustrated right now," she says, "that nothing is getting done."

The government, though, is more than willing to risk a sharp upsurge in bureaucratic productivity to save a few billion dollars. And, as recent court rulings in any number of cases stand as a testament of doing just that with its appeal. The tribunal's decision used a controversial formula to calculate how much women in certain female occupations are owed for past wage inequality. But in another pay equity dispute, between Bell Canada and three of its unions, a Federal Court judge last March rejected the tribunal's approach—and suggested a much less generous payment formula. The government is banking on the court ruling overruling the tribunal in the public service case. Still, Treasury Board president Marcel Masse, the cabinet minister who runs the bureaucracy, insists he would prefer an out-of-court deal. "Any problem that lasts for 14 years leaves a lot of people frustrated," he told Maclean's. "I'd prefer a quick and dirty solution—the \$1.3-billion settlement. The proposed—even though going to court might cost less."

Angry union leaders are in no mood to bargain. "Big deal—the \$1.3 billion is still on the table," insists PSAC president David Jones. Although he views the government's estimate of \$5 billion as too high, Jones expects his members to collect \$3 billion to \$4 billion if the tribunal's ruling survives appeals. The union is incensed by the fact that Chrétien has broken a

pledge he made—on writing—when he was still Opposition leader in 1992 that a Liberal government would abide by whatever the tribunal found. Last week, Chrétien said he made that promise five years ago on the assumption the tribunal's findings would cost the government less than \$1 billion. In fact, new experts in the arcane field of pay equity arbitration claim it would have been hard to predict how high the number could go. They say arriving at an insoluble answer in such cases is all but impossible. "It's a political decision," says Eric Mann Schreier, director of Saint Mary's University's executive MBA program and an expert on salary issues. "There is no way to objectively calculate the value of a job."

In the federal dispute, PSAC and the government agreed to assess the value of public sector positions based on a points system. It took into account the skill in job demands, the level of responsibility, the working conditions and the amount of effort required. But after jobs had been assigned a certain number of points, the process broke down over how to compare occupations. The government wanted to contrast pay between people that had scored about the same value—say, a female domestic science teacher in clerical workers, with one male-dominated category such as laborers and tradesmen. The union preferred a more statistically complex scheme that shows a much wider wage gap, and the tribunal agreed. This formula compares pay in a female-dominated group with the pay for all male-dominated jobs that scored in the same range under the points system. That led, in one example cited by the government, to a group of female health clinic being compared with a large, diverse group of mostly men's jobs ranging from laborers to economists and computer technicians.

A huge gulf separates the worlds that would be made under the two systems. Masse contends that directly comparing job groups



Protesting civil servants greet Chrétien in Montreal, N.B. Masse and Justice Minister Anne McLellan (left) also voice women of higher pay and political consequences.

would result in only about \$130 million in payments, mainly to women. The union says the government's \$5-billion projection of the cost of the tribunal's formula is too high, but estimates that payments would still total \$3 billion to \$4 billion. And the case could have a tremendous effect on other disputes. Along with Bell Canada, pay equity battles are raging between union and Air Canada, Canadian Airlines and Canada Post. Nor is it only a Montreal lawyer who represents all of these in bitterly argued comparisons. Arguing for Canadians would accept the tribunal's approach—even if they could understand it. "Most of the public finds we're comparing either the same jobs or very similar jobs," Hecman says. "That would be fine. They don't think we're looking at companies or male/female formulas or statistics."

But defenders of the tribunal decision reject the complexity of the formula does not invalidate its conclusions. "It's wrong to say this is a statistical puzzle and a bunch of nonsense," says Margaret Young, a University of Victoria law professor and a member of the National Association of Women and the Law, a lobby group of lawyers and academics. "People have spent a lot of time thinking about how to do this in the way that is the most fair." The government, however, now questions whether the current law is clear enough to be a prescription for fairness. The principle of equal pay for work of equal value was enshrined in federal law as part of the Canadian Human Rights Act, which came into force in 1978, and covers the government and the economic sector it regulates. But the federal law is short of details—at least up to now. "Clearly the law has been couched in very general terms that lead the courts to give different interpretations,"

Masse said. "We intend to review the law and put together a series of guidelines on how you reach pay equity."

Those new rules, however, cannot be made to apply retroactively, Masse admits. That leaves \$1.3 billion and the courts to settle the overwhelming dispute. The tribunal gave first crack at complaints about possible violations of the Canadian Human Rights Act. But its decisions can be challenged in the Federal Court. In its key ruling last March the court shot down the tribunal's handling of almost every aspect of the Bell Canada pay equity dispute. Among the court's findings: the same unions that have argued pay levels in contracts should not be allowed to let companies in the tribunal that those wages discriminate against women. The court also interpreted the Human Rights Act to mean that pay equity is a discrete, narrow compensation dispute specific jobs—not the tribunal's broader formula. Bell unions have appealed to the Federal Court of Appeal, which is not expected to rule before late this year or early 1999.

Both the Bell case and the federal public service dispute could take years to settle and might end up in the Supreme Court of Canada. Meanwhile, those who wanted the government to simply pay up are warning of dire political consequences. Last week, union protesters dugged Chrétien as he travelled in New Brunswick, banging him in effigy and chanting "lie, liar" at one stop. But Ottawa is also weighing some old numbers. Polling conducted for the government found strong support for the principle of pay equity, but not for a multibillion-dollar settlement. The government may be counting on public support for a decision—even one that benefits an old commitment—that promises to safeguard taxpayers' money. □





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## HARD TO STERN

CHUM Ltd., owner of Toronto's Cjre, said it will not broadcast U.S. shock-jock Howard Stern's new syndicated TV show because it does not meet industry standards. The first episode contained segments insulting lesbians and transvestites. CHUM also dropped Stern's radio program from its CHUM radio station in Montreal. Stern is still on Q-107 radio in Toronto.

## BIG-LEAGUE HEARTBREAK

Japan beat Canada 3-2 at the Little League World Series in Williamsport, Pa. Had it not, Canada's team from Langley, B.C., would have become the first Canadian entry to reach the final since Sidney Creek, Ont., lost the championship game in 1955. Last week's defeat came despite a record-setting performance by pitcher Jeff Davis, who had 12 strikeouts.

## FISHER TRIAL-SOUND

Saskatoon Judge Albert Larive ordered Larry Fisher to stand trial for the 1989 rape and murder of nursing wife Gail Miller. Fisher, who confessed to four rapes in Saskatoon around the time of Miller's murder, denies the attack. Last year, DNA testing exonerated David Milgaard, who had served 23 years in prison for her murder.

## GUNNED DOWN

Paul Colton, a member of the crime family, died after being shot three times as he got out of his car outside his Montreal home. Colton, 48, was hit in the head and chest; police found two revolvers at the crime scene. A Quebec government inquiry in the 1970s said members of the Colton family were involved in organized crime. Colton's father, Frank, 65, and brother Frank Jr., 37, are in jail for drug trafficking.

## HOSPITAL REVOLT

Researchers at the Hospital for Sick Children in Toronto threatened to leave the renowned facility unless the hospital appoints an independent inquiry to investigate a dispute between Dr. Nancy Olivieri and the pharmaceutical firm Apotex Inc. Apotex recently threatened to sue Olivieri if she went public with test results that indicate a drug for the blood disorder thalassemia could harm children. Researchers, fearing their independence wasn't properly demanded, the hospital examines the specifics of Olivieri's case, which it will not.



*Probing salmon fisheries: exploring some further issues*

## Launching an inquiry

**B**ritish Columbia Premier Glen Clark fired another salvo in the bitter dispute over West Coast salmon quotas by announcing the creation of an independent inquiry into Orlow's management of the fishery. Former Newfoundland premier Brian Peckford will head the inquiry, which is to report to the premier by Sept. 25. Earlier in the week, Clark met with Prime Minister Jean Chrétien in Kelowna, B.C. "We believe that federal officials will co-operate with us on inquiry into the Selling practices this year," Clark said in Campbell River. "It's

Clark was promptly accused of glossing political interests shed of conservatism. John van Dongen, the provincial Liberal fisheries critic, said Clark's announcement smacked of "political grandstanding." Anderson's executive assistant, Brian Bohanaky, and Clark was disorienting the facts. "Mr. Clark doesn't need an inquiry, he needs a briefing on how salmon conservation decisions are made," Bohanaky said. "The problem is the lack of fact, and all the fishbaiting in the world will not change that."

## POLITICS

### A pension reversal

Another member of the Reform party, expelled back with the federal government for MPs John Williams, who represents the Alberta district of St. Albert, says he is not sure he would have known just what he was doing. "I was not in a position to know that being a co-defendant in a criminal case was an extremely serious matter," he said. "I was told that I was going to be charged with a criminal offence, and I was told that I was going to be charged with a criminal offence."

**'May God forgive you'**

**F**ernando GARCIA Gilson, Guatemalan, found guilty in June of electrocuting his wife, was sentenced to 18 months in jail. During her six-week trial, the court heard that Garcia had an affair with murder suspect Peter Gall while she sat on the jury judging him. (Gall, one of eleven accused in two pinkie-style murders, was acquitted in 1985, but his case is under appeal.) Justice Roy Parris of the B.C. Supreme Court told Garcia at her sentencing that she had "interfered with the justice system" with her "infiltrating and sexual advances." Parris also scolded Garcia, a twice-divorced mother of two teenagers, for having a "narcissistic and self-absorbed personality."

In trademark evidence, Guise, whose jewelry business during her trial helped her to cost the International Association—the regularly appeared in provocative clothing and bedecked Guise at the time—and life to take her contacts upon Paris was through “My God forgive you,” she asserted that Guise’s use in jail was not. By week-end, after she had spent four days in bed, her appeal launched by her lawyer resulted in Guise being released on bail pending new proceedings. In granting bail, Chief Justice Allen MacEachern of the B.C. Court of Appeal said: “The court has little leeway to do anything but release someone who has fled as appeal where there is no risk a further offence will be committed or the accused will flee.”

# Caught in the whirl

## Interest rates rise to help shelter a battered dollar

BY BRUCE WALLACE

Finance in Ottawa's finance department should have seen a foreshadowing in last week's bleak economic news: it was *Toronto* O'Leary, Paul Martin's trusted senior adviser. In the same week that the Canadian economy was being battered like the hurricane-wracked North Carolina coast, the 38-year-old O'Leary announced she was leaving the department's trenches to become Canada's top official at the World Bank in Washington. The post carries an annual salary of \$146,200 (U.S.)—the world's currency of choice these days—or \$231,000 (Cdn.) and more in last week's trading. Otherwise, no one in official Ottawa liked the numbers running across their computer screens: signs of fiscal stress from the sometimes scary new world that is the global economy.

The economic data filtering into Martin's restless down town Ottawa offices were almost uniformly bad. The Canadian dollar kept setting new record lows against the American buck. It finished the week worth just 64.06 cents (U.S.). That was down almost a cent from the previous week but up about a penny from the depths it had plunged before the Bank of Canada pushed interest rates up one full point on Aug. 27. The increase was followed by mortgage rate hikes at the chartered banks, with fixed rates climbing as much as three-quarters of a percentage point, the largest single-day rise in more than three years. Martin decided the bank's intervention as necessary "to maintain order and calm to the best extent possible on currency markets," but the rate increase may only have checked the pace of the dollar's descent while raising worries that higher borrowing costs would hurt the Canadian economy. Meanwhile, the near-panic selling that gripped world stock markets drove investors down to levels first wiped out near the year's highs. The Toronto Stock Exchange 300 composite index was down 8.3 per cent over the week,



closing at 5,766 points, its lowest level this year.

There was nothing all-Canadian about the crisis, of course. Most other countries watched their currencies and stock markets endure heftings. European stock markets losses almost paralleled Canada's. The emerging markets of Latin America and Asia were pummeled even harder. Even the American economy felt the lash of the world turmoil at last, with the Dow Jones index falling precipitously from its giddy heights of earlier this year to hit 6,021 points.

There was no shortage of explanations for the world's problems, everything from soaring prices for oil to the near insolvency of some Japanese banks. But most observers settled on two main afflictions: the crumbling stability of Japan's political leaders to control its sprawling, debt-ridden banking system, and the uncertain future of the Russian economy, where the ruble's value was evaporating last week and governments in other nations stopped trading it. The calamity in Russia threatened to topple the Russian Bank of International Trade and Commerce, a linchpin in running the country again (page 23).

This, then, was one of the world's first serious tests of the dark side of globalization, a glimpse of what can happen when nations and economies are connected like hot links on the Internet. The interlocking global system means political shocks in Japan can quickly lead to higher mortgage costs for Canadians or more expensive vacations for Europeans. In all, but the biggest economies, non-powered central bankers suddenly seemed so much at the market's mercy. Who, after all, expected Russia would one day threaten the West, not by deploying nuclear weapons, but by mindlessly hoarding its Russian roubles the global financial system?

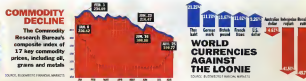
Most experts have a consensus, if complex, explanation for last week's panic. The insolvency of so many Asian banks, from South Korea to Thailand and Indonesia, over the past year cut into the heart of economic growth in those countries. Shuttered domestic industry, triggered a fall in worldwide commodity prices. Last week, the commodity price index was at its lowest level

in 32 years, leading to its erosion from commodities whose economies were heavily dependent on such products as minerals, oil, pig and pulp and paper. That made big losses out of countries like Venezuela, Mexico, Australia, Norway and Canada. "Canada is getting hit by events largely outside Canada's control," says Toronto's president of the Hongkong Bank of Canada's Vancouver. "I thank God every day that our fiscal situation is better than five years ago. Imagine if we had this crisis on our hands when the government was in deficit."

Martin and Prime Minister Jean Chretien kept pointing to that fundamental strength in Canada's fiscal situation, hoping that currency dealers would cover some loss in the loonie. They also pumped out the message that Canada's reputation as a consistently-driven economy is overrated and out-of-date. "The world has got to understand that Canada is much more of a manufacturing and service economy," Martin told *Maclean's*. He and Chretien seemed to hope that, if they insisted that the other country, in international markets would change their perception. Global traders weren't buying it. "Canada's hardware and manufacturing exports haven't registered with the international community," says Naser. "There is still a strong feeling that Canada is dependent on commodity exports." Or, as a Canadian government official in Asia put it: "There is an incredible misunderstanding here that Canada is just another Australia."

The Canadian economy has, in fact, earned more of its dependence on commodity exports. The percentage of total Canadian exports coming from the commodities sector has fallen from 36 per cent in the early 1970s to under 40 per cent now. Still, that is high by international standards, says a recent Royal Bank of Canada analysis, explaining why the dollar's drop over the last 35 years has shadowed the fall in real commodity prices.

But even handling commodity prices could help explain last week's chaotic world markets and the dumping of so many foreign currencies for the American dollar. "There is a sector here that things are happening that people don't fully comprehend," said an official at the International Monetary Fund in Washington. "Each crisis is playing into the other, and we have a market psychology that leads to a flight to quality." The flight to quality was the Russian rouble, the crisis hit, against Mark Chandler, an economist with Goldman Sachs Canada in Toronto. "Before that, you could explain the weakening dollar by the drop in commodity prices, but now it has become a confidence issue for us," he says. The world thought it was going to escape by the Asian crisis, notes Chandler, but the Russian news raised the specter of global collapse. "So



## THE CURRENCY CRISIS

most investors are asking: "What's the safe place?"

The international nature of the crisis did not stop Ottawa's critics from demanding something be done. There was a clamor for Bank of Canada governor Gordon Thiessen's resignation last week, forcing Martin to publicly declare confidence in the governor. And the Reform party, among others, continued to call on Ottawa to cut taxes on the premise that lower U.S. tax rates are a prime reason for the robust U.S. dollar. Martin rose to the bait slightly last week, promising income tax cuts in next February's federal budget.

But other economists argue that tax cuts are an expensive way of driving the dollar higher—and will only work in conjunction with higher interest rates. University of Toronto economist Peter Duggan has run computer models suggesting the cost of raising the dollar by a penny against the U.S. back could require up to \$60 billion in tax cuts and a one-per-cent rise in interest rates. Even if Duggan's projections are high, Martin is hardly about to embrace anything that would take such a huge whack out of the government's revenues. "While the rates look merita," says Duggan, "the numbers are such that it becomes very, very expensive."

That leaves Ottawa with two choices, both in the hands of the Bank of Canada. The central bank can continue to intervene in currency markets by buying Canadian dollars with its U.S. dollar reserves in the hope of driving the loonie up. It has done so on selective occasions over the last few weeks without stopping the descent for long. Or it can continue to hike interest rates.

Neither Martin nor Thiessen have any enthusiasm for the latter path. The dollar's decline has become a political problem as recent days. But Liberal funding remains wedded to the belief that the dollar headline is essential compared to what would be unleashed if high interest rates lead to recession. Even economists within the finance department are divided on the merits of raising rates.

The advice filtering up through his department essentially told Martin there is little Ottawa can do on its own. "We're getting side-



Nonetheless first steps hint that a falling dollar will send import prices higher.

swiped in this," said one senior official. "We are a very small boat in very rough seas," said another. The preponderance of advice to Martin called for restraint, patience and crossed fingers that Japan and Russia can sort out their problems. "Whether Japan is still very much whither Asia," said a Canadian government official in Asia, "I Japan can be a supporting actor or there, you may see an Asian recovery faster than you think."

That certainly falls into the optimistic category. Asian economic news remains hot, so much so that private sector economists have already declared British Columbia's Asian-oriented economy to be in recession. Whether that bad news spreads east of the Rockies is now an open question. All Martin knew for sure on the day last week when outsiders threatened to become panic was that he should make a public statement. His short address, delivered outside his regional office in Montreal, capped nine. "While there are turbulent times—and we have no choice but to deal with them—we must not lose sight of the fact that Canada is strongly positioned to weather the storm," he said. Beyond that, he could not pretend to know how rough things may get. □

## FIGHTING THE GORILLA

By law, Gordon Thiessen, governor of the Bank of Canada, has an obligation to defend the value of the Canadian dollar in foreign currency markets. But he has only two options: He can buy dollars, or on the grounds that reducing supply should increase the dollar. Alternatively, he can raise interest rates, hoping that investors find the currency more attractive and bid up the price. In early August, as the value of the loonie fell against other currencies, the bank waded into the market to buy dollars. That did not work, and on Aug. 26, the dollar floated the day below 64 cents (U.S.) for the first time ever. So, Plan B: on Aug. 27, Thiessen raised the Bank of Canada rate a full percentage point to six per cent. Still, the dollar kept falling through the day, stopping at 63.31 cents. By week's end, however, it had regained some ground to close at 64.05.

Thiessen's move won him few accolades. "They were doing the right thing for the last few months by staying on the sidelines," says Sai Gauthier, a senior economist with the Bank of Montreal in Toronto. "This is like throwing peanuts at a gorilla." The gorilla in this case is the foreign exchange market, where thousands of traders worldwide buy and sell trillions of dollars of different currencies each day. In recent weeks, traders have been dumping so-called minor currencies of countries like Canada and Australia and investing in



Thiessen cutting interest rates

the world's major currencies, especially the U.S. dollar. According to most experts, central bankers like Thiessen simply do not have the resources necessary to reverse the flow. "Trying to hold back a global force is futile," says Ruth Grier, senior vice-president and chief economist with the Toronto-Dominion Bank. "We should get our teeth and not do anything to reverse it."

In fact, many observers feared the bank's action could backfire. The economy, they say, is already being hurt by the Asian crisis and falling commodity prices. Higher interest rates could dampen consumer confidence, weaken an already faltering economy and lead to further dumping of the dollar. "We really do question the logic behind the bank's move," says Gauthier. "If the economy goes into a slump, speculators will really attack the currency."

But there are those who say the bank had to act even if it is incapable of mounting a glacial tide. "This move was largely symbolic," says Mona Anandambra, senior financial economist with Standard & Poor's MMS, a market advisory service. "The last thing you want is a perception that the bank is prepared to let the currency go."

That would unleash a dangerous psychology that would further undermine the currency. In that sense, the bank had to go. It had no option. Even so, the bank earned little sympathy, and virtually no applause, for its action.



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## SPECIAL REPORT: THE CURRENCY CRISIS

# Russia on the brink

Every waking hour for the past three months, Alexander Vashukov has reviewed his battered orange hard hat and, at a signal from somewhere, amid a ragged group of coal miners, dreamed it rhythmically as the pavement. The roar of 300 pounding beltrons rolls up the granite-and-glass face of the White House, where Russia's cabinet works, followed by the miners' massed chant: "Resign! Resign!" Last week, the protesting miners got their wish—but it only made them angrier. Amid the deepest financial crisis in Russia's modern history, President Boris Yeltsin had sacked the entire reformist cabinet of 36-year-old prime minister Sergei Kiriyenko and brought back a staunch old conservative warhorse, Viktor Chernomyrdin, to head the government. "Blaming someone else and changing a few officials is an old Yeltsin trick and we're not swallowing it," said the burly, 44-year-old Vashukov, smoking on a cigarette and squinting in the unseasonable August drizzle. "All our troubles have been caused by one man, Boris Yeltsin. We are not ending our vigil until that bastard is gone."

When the miners started their campaign over unpaid wages in May, their conscience on hanging Yeltsin down seemed quiescent. But by late last week, a firestorm of popular fury over the imploding economy, a crashing currency and skyrocketing living standards was threatening to overthrow the 67-year-old president. As anxious Russians scrambled to pull their savings out of failing banks or convert their shrinking rubles into something solid, many spotted money-like visions in the laborer leader. "Everything is collapsing as if it never existed, while he pretends to be czar of Russia," said Svetlana Karyakina, a 37-year-old graphic artist, jostling with other panic-stricken Muscovites in a downtown department store. "I only hope I can get something for my rubles before they become worthless. A refrigerator would be perfect." Igor Svetlov, a 37-year-old construction engineer, had a glibber comment. "Everything Yeltsin says and does is a lie. I'm sick of his face."

Yeltsin, however, was greatly laughing on "I want to say that I'm not going anywhere," he told a television interviewer on Friday. "I'm not going to resign. I will work as I'm supposed to for my constitutional term. In 2000, there will be an election for a new president and I will run." Yeltsin was also set to greet U.S. President Bill Clinton for a lavish two-day Kremlin summit this week. But forces were gathering, in the oppositioned parliament, and among worried tycoons and anti-Moscow regional leaders, that made Yeltsin's long-term survival look doubtful.

"The Yeltsin era is coming to an end" said Vyacheslav Nikonov, a political analyst and former Kremlin



A mob to buy cooking oil in St. Petersburg: popular fury over evaporating living standards



resources. The president's increasingly shaky health and tenuous political dominance—such as bringing back Chernomyrdin just five months after firing him in favor of the Western-oriented liberal Yeltsin—suggested Yeltsin was simply running out of rope. "The president has recognized the failure of his own economic policy and the failure of his policy as a whole," said Nikonov. "In naming Chernomyrdin prime minister, Yeltsin effectively appointed his own successor, and is doing so to effectively become a lame duck."

Few believe that Chernomyrdin, who was prime minister from December 1995, and last March, will be able to steer the country out of its dire economic and political predicament. "He has replaced a man who couldn't do anything in five years," said Boris Kagarlitsky, an expert at the Russian Institute of Comparative Political Systems. The coalition he led in the run outside the White House agreed. "I haven't seen any signs since last October—and Chernomyrdin was prime minister then," said Vladimir Lukin, a well-known diplomat with a harsh guess that he gives in his only reward for a life-time killing in an Arctic mine. "Bringing back Chernomyrdin is just an act of desperation."

Desperate is the right word to describe Russia's deteriorating economic condition. Over recent months, Russian and foreign investors, spooked by the crisis in Asia, have stampeded out of the country. The Moscow stock market—ranked the world's best-performing in 1995—crashed from 2,000 to 200 points in a matter of weeks. In late January, more seriously investors started unloading Russian state bonds, the main instrument the government has used to finance the yawning budget deficits in recent years. As the crisis gathered in July, the International Monetary Fund stepped in with a \$35-billion bailout package designed to stave off the collapse of Russia's payments to the rest of the world. But the package, which drew a 17% cut in the Yeltsin government's budget to the inevitable and permitted the battered ruble to find its own level. It immediately has lost—down 6.25 U.S. dollars to as much as 14 in a downed street trading by the end of last week.

Russia's great brain is now tearing on the brink of collapse. The country's wealth and political influence has been reduced to rubble. The government is crumbling in terror. Yeltsin is being bailed out by his old buddy Chernomyrdin in the hope he would have taken over. "The banks are in deep trouble because they were greedy," said Valia Perizavskaya, an analyst at the Institute of Market Problems, a private think-tank. "Over the past couple of years, they borrowed heavily abroad in order to speculate in Russian government securities, which were offering very high yields in rubles. Now the ruble is crashing, and the banks are stuck with huge hard-currency obligations to foreign lenders while they watch their ruble assets dwindle by the day. Most Russian banks are doomed."

Denaturation has finally brought the crisis home to average Russians. Among the most shell-shocked are members of the country's new middle class: a primarily youthful post-Soviet generation of professionals, self-employed people and skilled workers who were just beginning to step into the world of Western-style consumerism. "The Russian middle class is the main stage of political stability and our best hope of becoming a normal society," said Igor Bazin, a sociologist at

When reformist prime minister Sergei Kiriyenko and his close ally deputy prime minister Boris Nemtsov, were abruptly sacked by President Boris Yeltsin last week, they had few illusions about what lay ahead. The Kiriyenko government had been on the verge of seizing property from some of Russia's largest oligarchs—the handful of ultra-rich tycoons who regularly control half the economy in order to collect an unpaid back loan. "They understood that the end was near, that there might be serious changes in ownership and that the current oligarchy might come to an end," Nemtsov told journalists. "Naturally, no acting state wants to be replaced and so they decided to replace the government."

It is a dangerous change. That a slush of shadowy businessmen could unseat a government in a modern democracy seems incredible. But two years ago, the same group controlled Yeltsin's own return to the Kremlin in the face of tough Communist electoral challenges, and some analysts say he has been deeply obliged to them ever since.

All of them had emerged from the ruins of the Soviet Union and regarded their new life—the high-risk, often criminal struggle for wealth in the new Russia. They include Boris Berensky, 51, who



Alexander Lukashenko

## How tycoons back Yeltsin

performed a car dealership on an estimated \$4-billion fortune. Vladimir Potanin, 37, a former officer of the Soviet ministry of foreign trade who now heads Unimbank, a finance and real-estate company with assets of \$50 billion. Vladimir Lisovsky, 45, a banker turned media mogul who has been dubbed the Russian Murdoch of Russia, and four other top bankers and oligarchs.

"During Yeltsin's re-elected domination by money and those who give the most have been the closest to him ever since," says Alexander Korotayev, an analyst at the independent Institute of Strategic Assessments in Moscow. "Berensky has become the classical 'mafia' oligarch." With Yeltsin's likely re-election, the oligarchs began to jockey their rewards. Potanin and Berensky got high government posts—even as they continued to support their

business interests. All were given privileged entry to state sectors in which the crown jewels of the former Soviet economy—oil, gold and nickel mines—discovered in the 1990s—were virtually given away.

"In Russia, politics and economics have always been two sides of the same coin," says Viktor Kuznetsov, an expert at the Garbachev Foundation in Moscow. "Political victory for Yeltsin brought financial victory for his backers. That's how the oligarchy was built."

Meanwhile, the most outspoken oligarch, who made no secret of his belief in the rights of the rich, "I think that it is something an advantage to capital, it goes without saying that it is advantageous to the nation," he told the Washington Post last year. According to Yeltsin's estranged former codeguard, Alexander Korotayev, Berensky has secured his position in the Kremlin by acting as Yeltsin's personal financial adviser and by making frequent gifts of jewelry, cars and high-fashion clothing to the president's influential daughter, Tatiana Dyachenko.

Walter Chernomyrdin, a former chief executive of the Soviet oil and gas company and reportedly paid over \$100 million of the giant natural gas company Gazprom, worked well with the oligarchs during his years as prime minister. But the new government Yeltsin abruptly sacked Chernomyrdin last March and brought in eager young reformer Kiriyenko. He pledged, but did little, to break the power of the oligarchs and make Russian capitalists more open and democratic.

But as Russian public finances spiraled out of control in mid-August, Kiriyenko's ministers he moved to save the state by appropriating the oligarchs. "I didn't pick anyone concrete, but yes, I said there would have to be bankruptcies," he told the English-language Moscow Times last week. "I think there is a danger of Russia developing in a Latin American capitalist system." Perhaps so, for according to Nemtsov, the oligarchs responded with a Latin style coup.



Yeltsin (right) with Chernomyrdin after appointing him premier; power not up his grasp

the independent Centre for Political Technologies. "Now, their dreams are shattering, and their trust in the system is being swept away."

From here and up to the ruble's buying power: says in Moscow, where the new middle class is heavily concentrated, an estimated 60 per cent of groceries and consumer goods are imported and must be purchased at dollar exchange rates that have gone through the roof. "I was going to buy a car," said Lena Krutshova, a 39-year-old secretary at a banking firm. "I had enough money saved, but then overnight I was over \$2,000 short. Who knows what it will be tomorrow?" Word of all, some of Russia's troubled banks closed their doors or made depositors' savings inaccessible, while the central bank stopped all U.S. dollar sales. "I put \$3,000 rubles into this bank over the past year, but now they say my account is temporarily frozen," said Georgiy Leonov, a 42-year-old municipal worker, one of dozens of ordinary depositors who were virtually caught outside a downtown Moscow branch of International Bank, Russia's second largest financial institution. "When I deposited my money they took it gladly in cash. Why won't they give it back the same way?"

Russia's outlook is especially bleak because this crisis comes on top of almost a decade of severe economic deterioration. Much of the Soviet Union's former industrial base is today a wasteland of rust-bucket factories that produce little but do not pay bankrupt. They survive on a trickle of state subsidies, by bartering with other enterprises and by deferring the wages of their employees. Over half all Russian workers suffered last options in their incomes last year, and in four out of five for at least three months without seeing a paycheck. "The problem of wage arrears is a social time bomb waiting to ex-

plode," said Gennadiy Stetsko, associate secretary of the 50-million-member Russian Federation of Independent Trade Unions, which has threatened to stage a general strike over the issue this fall. "Soviet-style government controls have created a combination of a private economy and market institutions. Underneath, the picture is one of rot and ruin."

Those welcome checks were all coming to rest in Boris Yeltsin's ornate Kremlin office. "Economic aid is a driving force, but the real impact of this crisis is political," said Viktor Korotayev, an analyst at the Garbachev Foundation, a think-tank founded by the former Soviet leader. "Yeltsin was forced to bring back Chernomyrdin because the elite was strong and in a hurry to head on the tide. But the president has had to surrender a lot of his power and prerogatives by doing so."

Now, Yeltsin has to convince the nation's citizens. Communist-led Duma—Russia's lower house of parliament—to accept Chernomyrdin. That was the subject of long negotiations with the Communist last week—which accounted for the distinctly nonreformist hue of an economic rescue package taking shape.

Chernomyrdin denied Sunday that draconian Soviet-style economic measures would be introduced, but those leaders still prior controls, a ban on hard currency purchases and nationalization of some strategic industries would be introduced. Power was also up for grabs. The Communists believe it is time to establish the all-powerful presidency instituted by Yeltsin and set up "government of national trust" based on the relative strengths of political parties in the Duma. If Yeltsin rejected this idea, they threatened to turn Chernomyrdin's parliamentary coalition into a—

which was to begin in Aug. 31—and a long and bruising battle that could determine any remaining semblance of stability. Yet such a formula would effectively put the Communists in power and reduce Yeltsin to little more than a figurehead.

That is not likely to sit well with the



1997, and some have tried to blow his power base out of the White House in 1999. Indeed, Yeltsin's health suddenly gives out, he will remain a force to be reckoned with. He recently replaced the head of Russia's secret police—the former KGB—with a man from his own KGB, and was seen meeting with military and security chiefs early last week. But his client would be severely tested if there is a showdown. "Autism is historically the time for political conflict and revolutions in Russia, actually following on the heels of a collapse of the great and powerful emperor," said analyst Boris Kagarlitsky. "This time, we are stumbling into autism after a catastrophic summer." Whatever the coming season brings, Russia is likely to emerge a very different place.

FRED WEIR in Moscow



CONGO

## A war of neighbors

Foreign troops fuel a fight for the heart of Africa

A group of Congolese soldiers paced nervously along a street lined with shops in Kinshasa one day last week. They filled with the leading manufacturers of their Kalashnikov rifles, each with three fully loaded magazines taped to the barrels. Suddenly a burst of automatic gunfire echoed along the deserted streets of the capital. Two soldiers dove headfirst into a bush while others stood firm and fired in the direction of the original burst. A man began running away from a checkpoint—only to be cut down in a line of fire. The soldiers said he was a rebel, but it was equally possible that, like many other people in the city of five million, he was just scared.

As a United Nations rebellion against the government of Laurent Kabila entered its fourth week and fighting reached the suburbs of the capital for the first time, life was turning ugly and tense for Kinshasa's citizens. They faced shortages of food, daily power cuts, and a threatened increase in the price of basic necessities. "The situation gets worse every day," complained François Mumba, as he cleaned shoes outside the city's general hospital. "I just want an end to this war and the return of my electricity and water supply."

That may take time, given the complexity of the crisis. The rebellion that broke out in early August began as a mutual enmity of the Tutsi-backed uprising Kabila led two years ago in the eastern border region near Rwanda. This time, however, the Tutsis, their al-

lies in Rwanda and Uganda, and disgruntled members of Kabila's own army are targeting the leader himself. In response, neighboring Angola and nearby Zimbabwe have sent in troops to shore up the beleaguered government—raising the threat of a regional war.

Kabila emerged to power in May last year, as what was then Zaire, as the spearhead of a



popular uprising against veteran dictator Mobutu Sese Seko, who died in exile less than four months later. But the new leader of Africa's third-largest country owed much of his success to support from the Rwandans and Ugandans. Ugandan President Yoweri Museveni and powerful Rwandan Vice-President Paul Kagame believed that by installing Kabila as president of the re-named Congo, they would be able to crush

Rebel soldier in Democratic Republic of Congo

rebel movements that had operated for years from bases in Zaire. But as time went on, the attacks did not end, and Museveni and Kagame began to lose patience.

Discontent was also growing internally. Kabila had failed to deliver on his promises of freedom and democratization, and his own rights abuses were rife. "During the first year of Kabila's government there has been no progress," said Lily Bihonze, a 29-year-old lawyer. "He has proved to be no better than Mobutu."

In early August, rebel forces captured the key eastern cities of Bukavu and Goma, and in the midst of moving of the war, hijacked an aircraft at Goma airport and flew some 400 rebel soldiers across to the west of the country, where they captured the Atlantic coast city of Katana. The rebels swept east towards Kinshasa, taking a string of key port towns and a hydroelectric power station. Electricity in the capital was cut.

Sensing the peril of his position, Kabila played his trump card. Accusing Uganda and Tutsi-dominated Rwanda of invading Congo, he stoked the fires of ethnic hatred. State radio called on people to arm themselves with "machetes, a spear, an arrow, a hoe, a spade, knives, nails, trenchhooks, barbed wire, stones and the like to kill the Rwandan Tutsis." Local Tutsias, many of whom have lived in the country for generations, were dragged from their homes and detained by security forces, to widespread applause from the Congolese population. A tide of xenophobia took hold, foreigners, including about 21,000 of the 450 resident Canadians, hurriedly left.

Rwanda and Uganda deny any role in the conflict, but the Congolese seem determined to have captured soldiers from both countries. "I think that you can take it as read that they are involved," said a Western diplomat in Kinshasa. "Kabila has let them down badly."

As the rebels approached the capital, Kabila recruited his own international contingent. With the arrival of Zimbabwean and Angolan troops, the tide of the war began to turn. The battle-hardened Angolans reversed rebel gains in the west, while securing the border against their own UNITA insurgents. Zimbabwean troops established a security cordon around Kinshasa's main airport under instructions from longtime Zimbarwe President Robert Mugabe, acting in a show of philosophical solidarity with the Marxist leanings of his friend Kabila.

Last week, the well-defended capital seemed safe from the rebel advance—for now. But a Western diplomat cautioned against writing off the threat to Kabila prematurely. "The rebels are very experienced fighters," he said, "and if Rwanda and Uganda come out in open support of them, then the tide of the war may well be turned on us." Kabila may live to regret enlisting his neighbors.

DAVID GOURGE in Kinshasa

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## The trials of Mr. Clean

Al Gore has a scandal of his own to worry about

ANDREW PHILLIPS  
IN WASHINGTON

Al Gore returned home last week from a mission in Hawaii with a fresh list of state-related duties—and a big new problem. The vice-president has always taken under the burden of being considered unelectable; so even only to be expected that even his troubles appear on the surface to be less than compelling. His boss, President Bill Clinton, may be embroiled in a juicy sex scandal, but Gore's woes have to do with something more sinister—spooky investigations from the US justice department are trying to find out if he did he broke campaign laws by making fundraising phone calls from his office before the 1996 presidential election? Gore says he did not. But as Clinton's ordeal at the hands of special prosecutors slows, more an inquiry into no issue as apparently vital as phone calls can lead to a world of political pain.



The vice-president and Tipper: a new probe

Clinton's scandals cut both ways for Gore. He has enjoyed a higher profile than almost any other modern vice-president and has not flinched from backing his boss in his hour of need. As many senior Democrats

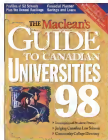
put distance between themselves and Gore, incumbent President last week, Gore conspicuously did not. "I am honored to serve with him and call him a friend," he said last night. "Of course, to risk it at the public eventually turns against Clinton, Gore would inevitably suffer some damage. At the same time, though, the vice-president's legendary personal rectitude—manifested by his 29-year marriage to wife Tipper, his high school sweetheart—could shield him in good stead if scandal-ravaged voters put a premium on "character" when they next select a president in 2000.

That is why the first rising controversy could be so damaging. At issue is whether Gore broke the law when he made 42 calls from his White House office to raise money for Democrats in 1995 and 1996. A year ago—in the pre-Montana Lewinsky era of American politics—Gore's fundraising activities were benign. He was under fire for his links to Asian donors and a costume mail trail to a Buddhist temple in California, which turned out to be a con for a scamming Hong Kong money into Democratic campaign coffers. But the issue seemed to have died last year when Attorney General Janet Reno decided not to appoint an independent counsel to investigate. Last week, however, she ordered a new 90-day inquiry into whether a full-scale investigation is warranted. New evidence had turned up a conspiracy memo

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## WORLD

upon which a former Gore aide had submitted the cryptic notation "65 per cent sold/35 per cent hard." One possible interpretation is that Gore knew at the time that at least some of the money he was raising from his office would go to so-called hard money accounts—used to directly benefit Democratic candidates. Doing that on federal property is illegal under U.S. law.

The preliminary inquiry may well turn up nothing wrong, as Gore's allies insist. "There was no wrongdoing here," says Mark Rosenthal, a former aide to the vice president who now works for his political action committee. Levensky, 58, "As far as is investigation, whether it's two days or two years, will show that." The problem is that even if that is true, an inquiry puts the 46-year-old Gore under a shadow. Voters in the past may have accepted the fact that Clinton as part of his rogues' gallery—but they have been much less willing to cut Gore any slack. That's the trouble with being a big name: people expect you to stay clean. And if Ross does support an independent counsel, the controversy would drag on for many months—if not years. "Gore, at a minimum, would be under extreme suspicion for a very long time," says presidential historian Alan Lichtman of American University in Washington. "Even if he's innocent, it's a disaster for him."

The worst scenario for Gore is a combination of both factors—a continuation of Clinton's emotional troubles and his own name brand run amok. That would tempt senior Democrats to challenge him for the party's presidential nomination in 2000. And history shows that an internal party fight is a sure recipe for defeat. "I don't believe the Democrats can win if they brawl over the nomination, and Gore's weakness makes that much more likely," says Lichtman. That scenario becomes even more probable if the American economy finally seizes.

There were hints of it last week, as some Democrats took a couple of big steps away from Clinton—and by association, Gore. Missouri congressman Richard Gephardt, leader of the Democrats in the House of Representatives and the man considered most likely to challenge Gore, raised openly that Clinton might be impeached for admitting that he lied about his sexual relationship with Levensky. "It was wrong and it was reprehensible," Gephardt said. At the same time, the top Republican, House Speaker Newt Gingrich, went out of his way to stress that Clinton should not be ejected from office for a single personal failure—but only for a pattern of wrongdoing. Democrats, it became clear, are starting to look towards their star, after Clinton, while the last thing Republicans want to see is a freshly emboldened President Al Gore stepping in to put a clean new face on his party. □

The screenshot shows the Quicken website interface. At the top, it says "Quicken" and "Making the most of your money". Below that, there's a section "Get on track with FedEx" with a link "See Quicken's Fed Ex". The main content area is divided into several sections: "QUICK NEWS & UPDATES", "PORTFOLIO MANAGER", "CAN YOU AFFORD A HOUSE?", "MORTGAGE", "RETIREMENT", and "SIMPLIFY YOUR FINANCIAL DECISIONS ONLINE". Each section contains links to various financial tools and services.

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## Business

# The politics of lending

BY MARY JANIGAN AND KIMBERLEY NOBLE

**I**t is tempting to assume how that stern Prairie evangelist William (Duke) Telfer would now judge the deeds of his creation, the Alberta Treasury Branches. The former Social Credit premier founded the provincially owned bank in 1986, in the waning years of the Great Depression, to provide desperately needed credit to the struggling farmers of the dust bowl. Over the decades, the ATB evolved in painting donations although it still serviced its rural clients, it also bankrolled controversial high rollers who often left the bank in the lurch—and subject to charges that it had loaned funds at the behest of its political masters. Such allegations have haunted the proud institution, which now has assets of \$8.2 billion, 149 branches and 250,000 customers. So it was perhaps no coincidence that the ATB marked the 60th anniversary of its founding order—sworn last week with an astonishing court action against its former superintendent and some of its best-known clients, the four Ghormestien brothers, owners of the infamous West Edmonton Mall. "What started for the benefit of the small farmer became an organization that put the savings of the small farmer at risk," says University of Calgary historian David Bernatchez. "I think Albertans would say today, 'Good on you—for trying to put this thing back where it ought to be.'"

The court case, with its onset unopposed a statement of claim, which the Ghormestien brothers feared and sued to fight, has rocked the Conservative government of Premier Ralph Klein. The 25-page

statement, backed by six affidavits, alleges that, in return for a sweet heart deal to refinance the mall, the four Ghormestien brothers—Nader, Raphael, Dalmar and Edouard—paid bribes or secret commissions to the ATB's former superintendent Elmer Leaky—and, perhaps, "others sitting in concert with him." Leaky, in turn, has sued the ATB for defamation. An affidavit from the ATB's security manager, Bryan McBeath, alleges that the Ghormestien brothers also unlawfully offered bribes to former ATB super-adept Allan Biny and Gary Whitley, a former senior executive of the mall's former principal lender, Toronto-based Gentra Inc.

In return, the statement alleges, Leaky put together an extraordinary financial package for the Ghormestien brothers: the ATB guaranteed \$253 million of the mall's loans from the TD Bank, based 96% on an interest-free basis for 30 years—and discharged a \$310,000 mortgage against the Edmonton home of Nader Ghormestien. The ATB also guaranteed full repayment of the TD Bank loan plus all outstanding interest and fees by 2006—even though ATB now estimates that at the Ghormestien's current rate of repayment it would have taken 180 years for them to repay the TD Bank. The ATB asked the court to appoint an interim receiver to manage the mall—which includes a Fleet Hollywood restaurant, a water park with an indoor lounge, tennis and a roller coaster—until the case is decided. "The wrongful, outrageous, unconscionable and irreparable conflict of the defendants... offends the ordinary standards of decency and decent conduct," the statement said.

Such explosive charges, complete with hard descriptions of shop-



West Edmonton Mall. Klein with memo (above) ATB charges of bribery and sweetheart deals at the ATB have rocked his government

## A provincially owned bank cleans off the tarnish

ping bags of cash changing hands in hotel parking lots, have sparked an investigation by the RCMP's commercial crime unit, said an Edmonton and an inquiry by the provincial auditor general. In parallel, investigators are also probing why senior refinancing the mall, concluded in March, 1994, between ATB and Gentra, was abandoned and then superseded by the current arrangement between ATB and the Ghormestien brothers.

The charges have thoroughly embarrassed Klein's government, which has always touted its "hands-off" approach to the ATB and its refusal to grow up interfering them. Instead, mere days after he asserted that he had "offered no direction in any dealings" between the mall and ATB Klein was forced to concede last week that he had asked then-Treasurer Jim Dinning and then-Economic Development Minister Sam Kwasnicko to work with the ATB and the mall to find "an Alberta solution" to the mall's woes. In a Feb. 22, 1994, memo, the premier noted that a key cabinet committee had agreed that to deal between ATB and Gentra "should be finished." Such assertions have generated calls from both the Liberals and the New Democratic Party for a public inquiry. An Liberal treasury critic Howard Sapers says, "The government has played a role in this and it owes a full explanation to Albertans."

Probably the only institution that approved its name last week was the ATB itself. Two years ago, in an effort to distance itself from

the bank, the Klein government transformed the ATB from a division of the treasury department into a Crown corporation. The corporation is now headed by a board chaired by former Paul Higgins, the former chief operating officer of Metropolitan Life Insurance Co. of Canada, to replace Leaky. As Higgins told *Maclean's*, he previously launched a full review of the quality of the bank's assets. That investigation turned over some remarkable rocks. Ten employees have been contacted in criminal court, seven others were disciplined. "This is a business that is based on trust," said Higgins. "People give us their money. They have an expectation they will get it back. If that ever comes into question, a financial institution is dead."

The ATB has also moved on other fronts to polish its tarnished reputation. Last February, former Alberta treasurer Dick Johnson told an Edmonton court that the government had used the ATB to funnel money to high-flying Alberta entrepreneur Peter Poedjington in 1986 in order to evade political scrutiny. This year, as a sign of changing times, the ATB forced Poedjington to sell his Edmonton Oilers hockey team. Two months ago, after Poedjington failed to meet a loan repayment deadline, the ATB forced two of his main building corporations to rework loans.

There is more than just the ATB's reputation at stake. Last month, Alberta Treasurer Stockwell Day said he has asked CBC Wood Gundy Securities Inc. to explore options for the ATB's future,

## The value of the world-famous mall and tourist attraction in 1993 was dropping like a stone

including privatization. If the bank continues to turn a profit—a posted first quarter earnings of \$83.5 million—and if investors believe that it has successfully chased house, government insurance projects it will be available in two years.

Based on allegations in the ATR's statement of claim, the cleanup will centre on bridge money: why did the ATR scrap an refinancing deal with Genta? In 1992, the mall was clearly in trouble. The recession ensured that the value of the world-famous mall and tourist attraction was dropping like a stone. The Ghermansins owed about \$480 million—including \$200 million to Genta in a first mortgage and \$70 million to the ATR through additional mortgages. The brothers were neglecting to make payments and had stopped paying the mall's taxes. When it became clear that Genta was prepared to renege—and that it was talking to the ATR—the Ghermansins appealed to Kinn.

Kinn's resulting memo setting "an Alberta isolation" was based from the Treasury Department to then-ATR superintendent Roy. The superintendent told Macdonald that he promptly called David Kinn and the Alberta government and was prepared to guarantee the Ghermansins' loans. "Mr. Darling was unable to answer the question," he said. "When it seemed to me that there was not going to be any government bailout, there was no need and no interest with the Genta loan. The ATR signed a new agreement with Genta that effectively split control of the mall between Genta and the ATR and limited the ATR's exposure to \$105 million. There he retired—in May 1986—and his successor, Lesby, took over.

And, suddenly, the deal with Genta was off. Members of the Genta negotiating team told Macdonald they offered to explain the benefits of the deal to Lesby. "He wouldn't even discuss the deal," said one. The Genta office also had an argument with Ron Kowalski, now speaker of the provincial legislature, about the pact. "He told me that so one from Ontario was ever going to own the West Edmonton Mall. I said, 'I have a deal with the ATR.' He said, 'We'll have a cabinet meeting and overturn it.'" Genta officials made no legal action—but they were not prepared to take on the province.

ATR's next deal with a new agreement

with the Ghermansins

The statement of claim alleges that Lesby and the Ghermansins also executed three secret agreements that went over the deal. The ATR, for example, agreed to pay interest on mall revenues that were deposited in ATR accounts before they were dispersed. In loan payments to the TD Bank and the ATR, Lesby allegedly paid the ATR's loan. In return, the statement alleges, the Ghermansins secretly funded about \$200 million in Canadian funds into two accounts that Lesby controlled. Another \$200,000 in U.S. funds was transferred to Lesby from an Israeli bank, in declarations, two Edmonton residents—John and Leticia Barchynsky—and their \$15 million government loan of cash into money orders payable to Lesby's personal companies.

The ATR has requested two possible remedies. In its preferred solution, the ATR should declare the loan agreements void and put the West End mall assets (and all other Ghermansin assets)—into trust until all other Ghermansin damages, including \$400 million, are paid. As an alternative, the ATR argued that only the initial mortgage agreement is valid—and the Ghermansins are in default because they have failed to live up to their maintenance agreements and refused to open their books.

Meanwhile at the mall, it is not quite business as usual. At the OCT Broadway clothing store last week, sales have suddenly jumped from \$3,000 per week to \$10,000. "I think it's all the added publicity that's reminding people about the mall," speculated assistant manager Tara Rappold. "It has kept up, maybe. I can get a raise."

Web DAVID HUBBARDON in Edmonton

The Brothers Ghermansins:



## FOLLOWING THE MONEY TRAIL

A chronology of West Edmonton Mall financing deals:

► In the 1980s, the Ghermansins put together a financing package to build the mall. It included five types of mortgages: • \$296 million, with Genta Inc. as lead lender;

• \$50 million, with Citibank Canada Inc. as lead lender;

• \$50 million, including \$10 million from the ATR—and the remainder from other institutions;

• \$50 million from the ATR;

► In late 1992, when the mall defaulted on some of these loans, Genta swapped the mall property in exchange for Citibank's second mortgage;

► In March, 1994, Genta and the ATR signed a deal;

• Genta would hold first and second mortgages, totaling \$350 million, on the mall;

• The ATR would also hold a second mortgage of \$50 million, preferred share of \$20 million and would provide a \$20-million line of credit to the mall;

► In the spring of 1994, the ATR-led banking consortium also took a \$20-million debt, including \$10 million in ATR debt, to New York City money managers for \$12.5 million. In July, those managers sold the debt for \$15.25 million to a company managed by West Edmonton Mall lawyer Jack Agnost. That money was borrowed from the ATR;

► In October, 1994, the ATR agreed its deal with Genta and forged a financing agreement with the TD Bank and the Ghermansins;

• The ATR guaranteed TD loans of \$353 million and provided an interest-free, 30-year loan of \$65 million;

• As the ATR alleged but weak, former superintendent Elmer Lesby and the Ghermansins signed three additional secret agreements that included a stipulation that the Ghermansins could name their managers of the mall to the year 2099;

► Genta received about \$335 million for its syndicate;

► At the same time, with the consent of the ATR, Agnost used the debt to underwrite a so-called friendly foreclosure against four troubled Ghermansin companies. All were dropped or they entered in the mall under the foreclosure. The mall was then transferred to a new Ghermansin company for \$419 million. The Ghermansins were fully back in control.

M.J. and K.L.

Deirdre McCurdy

## Labor's resurgence

Labour Day usually brings cooler weather. And that is a good thing, because for Canada's unions, it has been a hot, sticky summer. The latest strike at General Motors—and widespread domestic support for it—was the most vibrant expression of discontent, while a potential strike at Air Canada could be the most dramatic. There have also been a series of smaller skirmishes—in clothing, the first-ever unionization of a McDonald's restaurant, in Squamish, B.C.—that herald a renaissance of union activity.

The aerospace shuttles of General Motors cost the carrier billions of dollars in lost business and market share. It also took a heavy toll on the North American economy in June, Canadian manufacturers shipments dropped by 2.9

percent. That was a good thing, because for Canada's unions, it has been a hot, sticky summer. The latest strike at General Motors—and widespread domestic support for it—was the most vibrant expression of discontent, while a potential strike at Air Canada could be the most dramatic. There have also been a series of smaller skirmishes—in clothing, the first-ever unionization of a McDonald's restaurant, in Squamish, B.C.—that herald a renaissance of union activity.

The aerospace shuttles of General Motors cost the carrier billions of dollars in lost business and market share. It also took a heavy toll on the North American economy in June, Canadian manufacturers shipments dropped by 2.9 percent, largely because of strikes at GM and the Motor Vehicle Manufacturers Association (MVMA). Consolidated productivity has also been slowed because of strikes by workers ranging from Nova Scotia prison guards to Ontario teachers, Saskatchewan utility employees, Alberta meat processors and British Columbia hotel workers.

The timing for these strikes could not be worse for the business sector. Consumer prices have collapsed. Auto demand for Canadian exports has shrunk, the dollar is at five full and ten cents up, and the dollar is at five full and ten cents up. According to Statistics Canada, all of these factors are reflected in labour's momentum. There is a strong perception that workers have been shut out of the surge in corporate profits and executive compensation. After the prolonged strike at United Parcel Service last summer, there has also been greater support for unions and contract workers. During this year's GM strike, company management was widely criticized for its adversarial approach to labour relations.

Despite the renewed attention on labour issues, much of the focus has been on retraining post-consumers or preserving existing employment levels—not on significant wage and benefit hikes. But as the North American economy begins to simmer, companies that fail to bend to workers' demands may find themselves under siege from the outside—and from within.

## Employees have overlooked and underestimated the growing alienation of their employees

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## LONG-DISTANCE FEELING

Norcom Canada Inc. became the first Internet service provider in Canada to enter the long-distance phone market. The Toronto-based firm will charge its 20,000 small-business customers a flat 10 cents a minute for calls made in Canada and 22.5 cents a minute for U.S. calls.

## CLASH OVER COAL

Luscar Coal Income Fund has claimed victory in its hostile takeover of Manalta Coal Income Trust, in a bid to create the deal, Edmonton-based Luscar boosted its offer to \$567 million from \$550 million. But executives with Calgary-based Manalta said they expect other bidders to top the offer. Combined, the two companies would be the sixth-largest coal producer in North America.

## TROUBLE ON THE FARM

Lower prices for wheat and hog helped push total farm cash receipts down five per cent in the first six months of the year compared with the same period a year earlier, Statistics Canada reported. The largest declines occurred in the three Prairie provinces, with receipts down 12.5 per cent in Manitoba, 10.2 per cent in Alberta and 8.3 per cent in Saskatchewan.

## SYNCRUDE ON TRACK

Synorade Canada Inc. said low oil prices will not delay development of its proposed \$3-billion upgrader in Fort McMurray, Alta. Construction is due to begin in 1999. When completed in 2007, the expanded upgrader will more than double daily synthetic crude oil production to 480,000 barrels.

## COLA WAR CASUALTY

In a setback for Pepsi, Ohio-based fast-food chain Wendy's International Inc. said it will serve only Coca-Cola Co. products. A letter to franchisees stated that Coca-Cola will add \$42 million to Wendy's U.S. advertising budget in the first year. PepsiCo Inc., said it was prepared to beat Coca-Cola's offer.

## AIRBUS WINS BIG

Arbus Industrie scored a coup against its U.S. rival, The Boeing Co., landing its first order from British Airways. The U.K. carrier, which hailed the Arbus offer as "significantly cheaper," will buy 60 jets, with options on another 120 in a deal valued at more than \$2 billion.

## Banking on profits

With markets are rallying and the loonie in jeopardy, Scotiabank's Canadian bank branches are managing to weather the storm. While profits were not expected to match last year's 54 per cent average increase, the latest quarterly results were better than some investors expected. For the three months ending July 31, Bank of Montreal reported that profits rose to \$207 million, up 4 per cent from the same period last year. Scotia Bank, the most stable of the Big Six, saw its third-quarter profits rise 13 per cent to \$87.6 million. On the down side, quarterly profits at Bank of Nova Scotia fell to \$554 million, down 8 per cent from the third quarter of 1997. The Royal Bank of Canada, the Capital Markets in Toronto and that "1998 will be a nightmare."

Toronto bank lowers penalties to mortgage borrowers

weeks ahead, however, as they try to push through merger plans. The Canadian Federation of Independent Business used a well-known campaign to stop the proposed mergers of Royal Bank of Canada with Bank of Montreal and Toronto Dominion with the Canadian Imperial Bank of Commerce. The group said a survey shows that 68 per cent of its 89,000 members oppose the mergers, believing they will mean higher borrowing costs.

## Pratt chomps 900 jobs

**A**erospace-engine giant Pratt & Whitney Canada Inc. announced it will shed 900 jobs by the end of 1999, despite receiving almost \$1 billion in federal assistance over the past 20 years. The company, based in Longueville, Que., blamed the move on economic uncertainty and a lack of federal funding. "The Canadian government commitment to support defense R&D is insufficient to allow us to stay fully competitive

in the global aerospace market, where all of our worldwide competitors are receiving significant government funding," said in a statement. Industry Minister Joan Marley called the decision a "stunning development" and said he wants to meet company chairman David Caplan to discuss the issue. "I would have hoped that we could try to work with them on solutions before they pulled the plug on us like this," said Marley. Pratt has a total of 9,400 employees worldwide, including 600 in Quebec.

## FINANCIAL OUTLOOK

Lured by the stamping lions, Americans made record 1.8 million overnight trips to Canada during the first quarter of 1998, up 6.6 per cent from the same period in 1997. They also spent 23 per cent more than they did in the first quarter of

1997. By contrast, fewer Canadians are heading stateside, making three million overnight trips to the United States from January to March, a 10-per-cent drop from the same period last year.

G-7 industrialised countries this year with a growth rate of 3.1 per cent, slowing to 2.7 per cent next year, the Conference Board of Canada predicted. Moreover, there are increasing signs of a slowdown. Employment Insurance recipients rose by 3.2 per cent in

June from May to 555,360.  
Statistics Canada reported

"Commodity prices should stop losing ground in the fourth quarter of this year, and this will relieve the downward pressure on the Canadian dollar."

—Conference Board

## A CANADIAN ATTRACTION

Length of stay by American visitors to Canada

	1st quarter 2004	% increase from 1st quarter 2003
1 night	100.000	2.7
2-3 nights	1.117.000	6.5
3-11 nights	118.000	28.7
12-19 nights	9.500	44.9

Journal of Management Inquiry 23(1)

...the outlook for consumer spending remains dim—with the savings rate near an all-time low and uncertainty in equity markets.”

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## Personal Finance

### Seeking stateside shelter

**I**t has been a long slide for the Canadian dollar. And a serious warning sign for Canadians who will need U.S. dollars when they retire. But it's not too late to seek shelter stateside, say some financial experts. With turmoil on world markets and currencies booming in Quebec, author and investment adviser Gordon Pope predicts that "the odds are our dollar is going to go lower before it goes higher."

Investors looking south should begin by examining the 30 per cent limit on foreign content in their registered retirement savings plans, says Andrew Martyn, a portfolio manager with Toronto's Davis-Reis Ltd. Investment Counsel. That not only constrains the stock of the falling loonie, but also rules out shares of the fast food chains in south-facing U.S. companies as Coca-Cola and McDonald offer better returns. The New York Stock Exchange's Dow Jones Industrial average has risen three per cent so far this year, compared with a 14 per cent drop for the Toronto Stock Exchange 300 composite index. That helps explain why investors pumped \$8 billion into foreign stocks in June alone. The so-



Moving south in New York, Canadians are bullish

tal outflow this year could surpass the 1999 record of \$36.6 billion.

Pope points out there are ways to exceed the 30 per cent RRSP limit. For full protection, he recommends diversifying at least 25 per cent of an RRSP portfolio to U.S. securities. U.S. money market funds with Canadian securities denominated in U.S. dollars offer some security and, for RRSP purposes, are considered Canadian content. The average return on such funds is about 4½ per cent, which looks more alluring when the dollar's decline is taken into account.

## Money Talks

### Funds get watchdog

Larry White, the Ontario Securities Commission's director of enforcement, was appointed chief operating officer of the Mutual Fund Dealers Association, a national agency set up to separate mutual fund distributors. The OSC has long urged the industry to set up a regulatory agency to provide stronger protection to consumers investing in funds. White said his main task will be balancing the interests of consumers and the industry.

### The high cost of living

Despite Asia's financial crisis, Tokyo is still one of the world's most expensive cities, according to Runzheimer International. The Wacanam-based consulting firm estimates that a typical couple making \$79,542 in Montreal would have to earn \$242,845 in Tokyo to play for similar housing, food and other necessities.



SOURCE: RUNZHEIMER INTERNATIONAL

### Résumés that deliver

When it comes to getting a job, it makes little difference whether résumés are sent by post, e-mail or fax. In a survey of 100 Canadian executives by OfficeTeam, a California-based temporary staffing service, 62 per cent said they have no preference. However, 25 per cent said they prefer résumés by mail because it shows candidates have made more effort to personalize their information.

### Small investors unite

Stan Borill has taken a beating from brokers. In the late 1980s, he and his wife, Helene, lost their life savings—about \$500,000—after giving a broker permission to manage their account while they lived abroad. That's sense of embarrassment kept him from seeking redress until two years ago when he launched a legal battle, still unresolved, over alleged wrongdoing. To help others avoid the same headache, Borill, 61, of Markham, Ont., and several associates have formed the Small Investor Protection Association to lobby for more effective policing of the investment industry.

Provincial securities commissions and the Investment Dealers Association, the self-regulatory group that oversees stockbrokers, are responsible for protecting consumers. The mutualized industry is also establishing a self-regulatory organization. But these groups often seem more interested in protecting their own members, says Borill. As a result, small investors frequently end up waging legal campaigns that are both costly and difficult to win. Says Borill: "We need an independent watchdog."

The association plans to lobby for stronger government regulation and strict enforcement of existing rules.

### FORECAST: Interbank rates and housing

The billions of dollars in interbank rates expected to flow from the parents of potential baby boomers to their adult children in coming years will have only a limited impact on the Canadian housing market, says Canada Mortgage and Housing Corp. Interbank rates and cash gifts will total \$12.7 billion a year between now and 2009-10, CMHC says, about \$3.7 billion will be spent on buying or reselling homes or paying down mortgages. An estimated \$895 million of this will go towards home purchases, but that represents only 1.3 per cent of annual housing sales.

# Why Kids Can't Read

COVER

BY ROBERT SHEPPARD

**T**hey are lepre, all of them—and they know it. The more lost a voice in their class has them all pinned to perform. "Listening position," orders teacher Bernadette (Learn with Bern! Snacky, and must all them say: back straight, hands where they can be seen. The best words are said out with the crack of a drill aspenant. "What are your legs doing?" asks Snacky. "What is your tongue doing? What are your teeth doing?" Words are physical, connections here at Calgary's Foobilla Academy, a unique private school for the so-called learning-disabled. Words are rolled about in the mouth like hard candy. Their rhythms are changed against the rule of the desk. Snacky uses anything to inject them into the lessons of otherwise healthy, intelligent children who have been told they cannot read and they cannot learn.

"You know, Miss Snacky, all at have have been on TV at least twice, or had our pictures in the newspaper," says Sean with all the world awareness of a 10-year-old. Sean knows that he is in a special school, subsidized largely by private benefactors with a waiting list of 1,000 for the 30 spots that open each year. What Sean probably does not realize is that his presence at Foobilla Academy is an indictment of a public system that is floundering—almost indelibly in some cases—in its attempts to deal with its weakest learners, with those who cannot make sense of words.

Two years ago, universities were clearing out special-education teachers and school boards were racing to develop individualized communication programs and separate facilities for students needing extra help. But more recently, cash-strapped boards have retrenched, leaving parents of children with learning disabilities, attention deficit or emotional problems no alternative but to resort to the quackish whet approach—or scramble for the growing number of private alternatives. In Calgary, the number of specialized classrooms for the learning-disabled plummeted from 148 in 1994 to one in 1997, although there are plans to reinstate a few this fall. In nearby Mississauga, Ont., where the Peel District School Board was a pioneer for special needs, the number of communication programs for learning-disabled kids has been reduced from 30 to 50 since 1993.

It is a pattern repeated across the country. Last month, in Prince Albert, Sask., a justice from the Court of Queen's Bench decided it was time for the courts to decide whether the learning-disabled were getting the education they deserved. In a rare lawsuit, parents who had been supplementing a modest version of the Foobilla Academy program in their lo-



**COMMON TECHNIQUE:** Snacky (above) teaching at Calgary's Foobilla Academy; university student Ferguson (opposite) jokes that she may be "the only primary school teacher who will have to use a calculator to add one plus one."

## As science cracks the code, parents fight for their children's right to specialized education

cal public school, won the right to challenge the province and their boards in court over their refusal to sustain and expand the program.

The Prince Albert case portends a far-reaching change for the education of those with learning disabilities—genetic, behavioral disorders that may affect as many as 4.5 million Canadians, 720,000 of them school age. Dyslexia, the most common form of learning disorder, is often not discovered until age 9 or 10, when children can no longer struggle through on memorization. For some, a reading disability is merely a frustration for an otherwise successful child to get around. For many, it is the barrier to everything else: the most consistent connection of one bit of knowledge to another. Several studies have suggested that those with learning problems are over-represented in jails, reform schools and the ranks of the working poor. A study by a New York City clinician in the mid-1990s found that almost 50 per cent of adolescents who committed suicide had been previously diagnosed with learning disabilities. As Helen, psychologist Wayne MacDonell says, "We can pay the wage, or pay the loss. In the long run, society is paying the price for these wasted lives."

While schools are scaling back on specialized programs, researchers and non-profit private academies are discovering new techniques to reach the weakest learners, and science is proving it on the hard-wired brain of the brain—wired, or the very roots of reading. In a breakthrough last March, Sally Shaywitz, a senior scientist in the department of pediatrics at Yale University in New Haven, Conn., published acoustic photographs of the reading brain using sophisticated magnetic resonance imaging. Her research proves that there is a neurological basis for reading disorders: the reading path in the dyslexic brain is dramatically different than that of a normal reader's. Scientists are excited at the possibility of providing a personal benchmark of the reading brain to explore whether early intervention programs might actually reverse the neural circuitry. Scientists now believe that the neurological basis for dyslexia may be hereditary, and that it is linked to the same chromosome that contributes to such relatively commonplace maladies as

key fever, migraine headaches, asthma, thyroid disease and allergies.

In her any office at Toronto's Hospital for Sick Children, fast-paced with data bases full of research results and a wide assortment of children's dolls, psychologist Margaret Lovett says the tactics of dyslexia—"mild blindness"—has been well documented for more than 100 years, that it is only relatively recently that researchers have realized it is not in the eye but in the ear—the way words sound in the brain—that is at the base of reading and writing disorders. And it is only in the past three or four years that her researchers, working at seven experimental public school classrooms in Toronto and Mississauga, made the breakthrough they were looking for.

In intensive daily sessions, Lovett's team found they could teach the 14 component sounds of the English language and engage these students' reading skills within just a few months. "But there was this amazing failure to transfer what they learned," says Lovett. "They could read 'joe,' but they could not read 'vow' or 'ups.'" Then her team added on what Lovett calls strategy-based or "talking to yourself" learning techniques, patterns used to cast the sounds of similar words through rhymatic games. The results were more linear.

That kind of double-pronged technique is exactly what Footfall Academy in Calgary has been practicing for the past 10 to 15 years. The cost of the program, per student, is \$94,500 annually—although most are highly subsidized. New arrivals, all of whom read at well below normal grade level, are bombarded with 70 hours of phonemic awareness to teach the sounds of language and the way they are formed by the tongue and larynx. Then comes a myriad of coping strategies—everything from desk clumping to looking in mirrors to use the mouth form sounds. Students are taught how to order words and their lives as well. In fact, the biggest part of the program is teaching specific organizational techniques: from notes to sentences to thought sentences and homework responsibilities. "Kids come here, they get smart and a clean time," says Gordon Bousquet, Footfall's teaching executive director. "We mother them here for three years. Then they are out back to the real world." Only one pupil has returned after three years, 86 per cent of Footfall's former students have gone on to some form of post-secondary education.

In Charlotte, North Carolina, is finding similar success with the use of intensive, multi-sensory teaching of the sounds of reading. As principal of Providence Elementary in the Hawthorne neighborhood, MacPhee has great success teaching blind children to read "through the tiny speck of hearing they had." When a doctor finally asked her why her kids with the hearing disabled, she rose to the challenge. She says the reason: "I told teachers with the hearing disabled because you had to bypass the strategies they were already using—mostly memory and that will only take you so far."

Three years ago, MacPhee learned her new national colleague, First Grade Center's Harriet Jones, a woman who came to her in 1986 at the age of 44, wanting to learn how to read. Now, mostly through word of mouth, there are 24 students from as far away as Washington and Texas spending the summer in their Charlotte classroom. Among their pupils is a 38-year-old New Scotia business man, putting his company on hold for a month so he can learn to read.

So why are the public schools not knocking on their doors? MacPhee—and Lovett in Toronto—are almost apologetic. Give the public systems time, they say, there is some resistance to be knocked down. But what also happens is "the current president of the Learning Disabilities Association of Canada is more about 'It's an all or nothing, all dollars. You can teach children to read—but you have to spend the time and the money'."



## Dyslexia, the most common of the LEARNING DISORDERS, often goes undetected until age 9 or 10

Learning disabilities can challenge families to their core. Take Charlie's story: by all accounts, Charlie R. was a likable boy from small-town Saskatchewan who did his chores, liked a few ferns and helped handicapped kids with their morning lessons. From the beginning, Charlie's teachers recognized that he had a reading problem. He could not pronounce many words properly. Even when he seemed to learn to read some words he would be totally derailed by those same words on a new page. Charlie was held back a grade in order to "catch up" with other children. A couple of times a week, he and a small group of children with similar problems were given special reading lessons. Art, music and gym were eliminated from his schedule so he could concentrate on the tougher subjects. His mother was told to take precautions, as he would be forced to do his assignments. North was worried. The other kids ridiculed him. Charlie told his home work in the bedroom or brought it to school scratched into a ball so he would not have to turn it in.

Just before he left school for good, a 15-year-old enamored in drugs and alcohol—"The only things that made me feel good," he told his family—Charlie was diagnosed as being seriously dyslexic. He read and wrote at a Grade 3 level with 20 percent comprehension. It was a staggering realization that had been hidden from his family, friends and teachers. Looking back, Charlie's mother says, "The knowledge of what a learning disability really is and how it encompasses one's whole life had been missed. Can you imagine Charlie living all those years, trying his best to fit in? That would be like going to work every day and being asked to do a job that you could not do. And tomorrow you have to get up and go to work again to try to bluff your way through it some more day."

Charlie's is an extreme case, but it is many cases not atypical. Parents have sold property or given up lucrative jobs and relocated in efforts to help their learning disabled offspring. Like Charlie's family, many parents have been so afraid to let their stories without recognition or sympathy. In an effort to crack the problem with new research findings, the National Institute for Health in Bethesda, Md., declared the 1990s the

decade for the hearing disabled. Some of that funding has made its way to Canada. Lovett's group at the Hospital for Sick Children is not unique in a three-city study—Toronto, Atlanta and Boston—to determine, she says, "what works best for what kind of child."

In the United States, almost five per cent of school-age children are classified as learning disabled and any therefore eligible for extra funding. In Canada, classification standards vary by province, but typically between three and four per cent of the student population is diagnosed as learning-disabled. Manitoba and Alberta are currently conducting high level reviews of their special education programs. This fall, Alberta has proposed to add 500 new full-time intern teachers to provide literacy assessment and assistance in kindergarten plus Grades 1 and 2. In popular Ontario, the government has maintained its special education budget at \$1.2 billion, that isn't shared of which goes to programs for the learning disabled at the rate of \$1,200 and \$2,700 per student, depending on age and category. Large, sophisticated boards such as Mississauga's Peel District School Board have schools dedicated to those with severe learning problems, as well as discreet classrooms and review committees to go over assessments and individualized programs. And many school boards in the Maritimes and Ontario have adopted the New Zealand created Reading Recovery program, an intensive word awareness strategy designed for Grade 1.

Worried as these efforts may be, they must be viewed against a backdrop of stigma and go-finding and a prolonged reinvention. Why? Tilton, the elected chair of the Calgary Board of Education, is also the mother of a learning disabled youngster who is about to enter high school this month. The prospect, she says, "sears one's opinion. There is not a lot of extra support out there. Life will be going to a high school with some learning strategies on staff—a good one I am told—and 12,000 kids." When it comes to the learning disabled, Tilton says, "There is no question that this

board has really strong feelings that the public systems not consider this group as important as they should. We don't have the money. We don't even consider it." In most provinces, public schools get a little extra for learning disabled students. "But we are already taking a ton of money out of the general instruction grant to help our special needs population," says Tilton. "It just isn't enough."

In Peel, the public board has cut back on specialized programs, but increased the number of teachers with a specialty in learning disabilities for its general classrooms, says John Aron, former director of the board's special education program. "We made a shift to realize costs at the expense of a service-delivery system," he explains, referring to the cutbacks in the segregated programs and facilities, "not, I like to think, at the expense of learning disabled students."

For some special needs advocates, that is a debatable point. The school board needs the biggest bang for the buck over what is commonly called mainstreaming or, at least some refer to as "the myth of inclusion." Should students with serious reading or attention problems be taught in a mainstream class with some extra help, or in a segregated environment? Generally speaking, parents of physically or mentally disabled kids want inclusion in mainstream classrooms, says Anne Price, executive director of the Calgary Learning Disabilities Association. But when it comes to cultural research and isolation, "Parents of learning disabled kids want segregated classrooms because they know their kids do not perform well in larger groups."

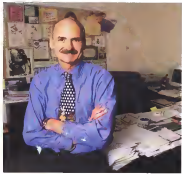
School board administrators agree that the shift to mainstream instruction is not being driven by cost-cutting alone. They focus on issues of self-esteem and fairness to other slow learners, including those with English as a second language. Many Ontario schools have well established programs for learning disabled until they have been in the system for at least two years, setting up an intolerable wait in some situations. Edward Bickelstein, chief psychologist for the Peel District School Board, is unequivocal in his preference: "We on the front lines believe more strongly in specialized classes than the research shows."

Calgary's have led to fierce fights about the special education waiting lists. Yvonne Henseloff, a 39-year-old Winnipeg lawyer who has been a tireless advocate as a child of the learning disabled for nearly 30 years, says he has been increasingly called upon to mediate disputes between parents of special needs children and parents of extremely bright or "gifted" children—all fighting over limited funds. An unbridling critic of the special education system, not without reason, Henseloff has been in many other parts of the country. Henseloff cites various school districts that will not offer special help to a poor learner unless that child fails two years behind, others will extend a tolerance special class once a student starts to show some progress—a sixth or eighth grade level.

Not all cases of learning disabilities lead to failure. Twenty-year-old Krista Peterson has not completed her first year in a teacher's program at Lakehead University in Thunder Bay, Ont. Despite, weakness and ongoing, she says many of her friends do not know that she misspells letters and numbers, has great difficulty spelling simple words such as "which," "talk" and "sane" and, "Oh yes, I can't tell time." She says she can read certain types of checks, but has trouble remembering what her "quarter" is 10 minutes before the hour is over.

Peterson, who grew up in a bedroom community north of Toronto, was diagnosed in an early age as having a learning disability. But having her all over a segregated classroom with kids with behavioral problems, attention deficit disorder and different degrees of learning disorders, just

THE SOUNDS OF READING: MacPhee (left) and partner Reeves teaching in PE L, Buldum (below) believes the learning disabled are badly served by the public school system



made her withdraw. "I would just try to take out the background," says Ferguson, "and hope my teachers would ignore me."

Having her daughter formally identified as learning disabled was an enormous dilemma, says Karen Ferguson. "You don't want to label your children because it will stigmatize them. But they do not have any self-esteem anyway because they know they are not accomplishing what they want." Once she was living with new frustration, says her mother, "Her uppers were reflecting something that wasn't happening. You got the feeling they were going the child on. As so the parents wouldn't complain."

Karen Ferguson struggled for years, but succeeded because of a supportive family, extra tutoring and what she calls her coping mechanism. She sounds out words differently in her hand to help with the spelling and she transcribes sentences differently. "I'll probably be the only primary school teacher who will have a scribe for a child," she says. "I've never had a student who will have a better understanding of what it is like for a student to have an invisible disability."

Making the transition to the workplace is something Marley Siegel can address. Thirty-two and ingeniously an academic, he is one of the early pioneers of the learning disabled movement, having been diagnosed 25 years ago with dyslexia and severe hyperactivity—what is now called attention deficit disorder—before there were programs in place to deal with those problems. Siegel's program had him assessed at Toronto's Clarke Institute of Psychiatry and paid for extra tutors at school. Learning was a struggle and still is. "This is a lifelong disability," says Siegel. "You don't educate your way out of it." It was only after he finished school—and earned two diplomas in business and property assessment at Seneca College—that he felt the doors closing. He wanted to be a civil servant. Both the Ontario and federal governments had employment equity programs, but he did not fit the criteria. They call this the invisible disability," says Siegel. "I did not fit their stereotype of a disabled person. The system says, 'We've got these programs for you. We want you.' But they are not there."

Today, students are being taught self-advocacy tips and have the benefit of modern technology. Computers can spell-check homework, or scan documents and sound them back to poor readers. In Alberta, learning-disabled students in junior as far as being allowed extra time on grade-level tests. But with such advances come questions of fairness. In the United States, where students with learning disabilities have statutory rights and are federally funded, there has been a social backlash against those who are perceived to be taking advantage of the system. In that country, nearly 4.5 per cent of its grade school population is in a publicly funded learning disabilities program at a cost of nearly \$9 billion a year—roughly four times the cost of an Head Start program for poor kids.

In the United States, learning disabilities are defined simply as an unexplained difference between a student's potential and actual performance. As a result, middle-class students with high IQs and average achievement are moving special tutoring, computer equipment and extra time on university entrance exams for science places. Mark Kohnen, a Stanford University law professor and co-author of a new book called *Learning the Game: An Inquiry into the Legal Treatment of Students with Learning Disabilities*, argues that the disability movement has been overdone by middle-class parents worried that their kids are not getting ahead. But psychologist Mark Walchenko, co-director of the learning disability program at Toronto's York University, believes that only a small minority of students are trafficking the label for some advantage. "This is a very ambitious hardworking group," says Walchenko. "Ninety per cent of those students stay on to complete their degrees, which is a much higher retention rate than the regular students population."

To date, Canadians have not seen so many as their neighbors south of the border—but that may be changing. In June, the Canadian Human Rights Commission ruled in favor of a federal civil servant in Etobicoke, Ont., who had been denied a promotion nine years ago be-

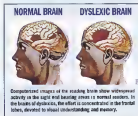
## SIGNS OF A DISABILITY

"Say 'creebo,' " instructs Judith Wiener, an authority on hearing disabilities at the University of Toronto. "Now say it again, but don't say 'boy.' " There are kids who can't do this. There are adults who can't do this. They perform like eight-year-olds. Often called "the invisible disability" because children seem otherwise normal and intelligent, reading disorders such as dyslexia can be hidden for years. Possible indicators of a learning disability include:

**Infancy:** pronounced resistance to cuddling and body contact, lack of, or excessive, response to sounds or other stimuli, little or no vocalization

**Preschool:** delayed language and immature speech patterns, difficulty following directions, difficulty skipping or catching a ball, anguished, fearless, cannot control behavior, confusion about right- or left-handedness

**Adolescence:** poor, laborious handwriting and/or bizarre spelling mistakes, disorganized, confusion about directions or time, poor social skills, sociators with a younger group, tendency to be very loyal, rigid, humorless and/or glib



cause she had auditory dyslexia and could not learn French. The commission awarded Nancy Gervais more than \$70,000 for lost wages and \$5,000 for hurt feelings. It also ordered the federal government to develop a program to recognize and accommodate people with learning disabilities in the federal civil service.

Then there is the precedent being set in Prince Albert. For five years a group of families in the Saskatchewan town community care charities and low-budget bungalows to supplement a scaled-down version of the Pasifika Academy program in their local public school. Last year, when they ran out of space and the four school boards involved refused to expand the program to more students, the families and the support group called on the Council of Parents for Children with Learning Disabilities to take the unusual step of asking the courts to declare that their children were not being taught in a way they can learn. Last month, Justice Gene Aube Smith of the Saskatchewan Court of Queen's Bench rejected the parents' and the school boards' attempts to dismiss the matter out of hand, saying there are fundamental rights at stake—the rights of children who cannot learn easily by a traditional manner. The case will now go to full trial, probably in the fall. The school boards have argued that such a legal exercise can only be an "inconceivable waste of judicial education." But for those families battling the system, what lies in the balance is nothing less than the job of reading. □

# Growing up hyperactive

## School is hard—and life harder—for those with attention deficit disorder

BY ROBERT SHEPARD

Chantelle has words carefully. Ken McCloskey describes his daughter Amber, growing up, as "a colossal pain in the ass." It's said lovingly but also with a clinical air. McCloskey is a psychologist specializing in students at risk at the University of Winnipeg and Amber, now 25, is his special study. He and his wife, Andrea, have written a book about their daughter, *Daughter Amber: Amber's Journey Through Hyperactivity*. It is a hard, heartwarming and painful at the same time. Amber is one of those people—six to eight per cent of the population, most researchers estimate—who have what is now called ADHD: Attention Deficit Hyperactivity Disorder. She is highly impulsive, has difficulty concentrating on anything for more than a few minutes and is prone to emotional outbursts or fits of frustrated rage. She is, says her father, "emotional on legs."

Schoolwork was a constant struggle for her. Amber had to be abandoned at night, and friends were hard to come by. Adolescents do not have much time for this, so who do not fit in—who appear to be show-offs and who cannot pick up on the teenage netics. There were teachers who wanted Amber out of their classes because she was so disruptive. The swimming instructor, the gymnastics coach and the Browline leader had similar feelings. At 15, when her parents refused to put her on medication (she had needed badly to Ritalin at an earlier age), Amber went nothing to her school principal and asked to be "stupid crazy"—by which she meant isolated from the rest of her classmates but had some makeshift barrier to help her focus.

Today, Amber is the mother of a five-year-old daughter, and gives talks at high schools and universities about what it is like growing up hyperactive. "My parents are really excited for me," she says. "I still haven't dealt with a lot of the rejection and anger." And while she has not outgrown her hyperactivity—most researchers believe it is a lifelong affliction—she has learned to control it better. "When I have to wait for something I count my big toes or lights—I've always been good at counting. I can tell you how many people in a room are wearing red pants and how many hands."

Amber McCloskey's pent-up frustration, difficulties in socializing and loss of a problem are typical of those with ADHD. Sci-

**BURNING OFF ENERGY:** Amber McCloskey, with daughter Hankie, says she still hasn't dealt with a lot of rejection and anger.

endists say that as many as 10 per cent of individuals with severe attention deficit problems also have other learning disabilities. But McChesney is something of a rarity: her disorder is found predominantly in males, and she did not grow up using the stimulants Ritalin or Decadron to help her cope. According to Health Canada, Ritalin consumption in this country has grown 67 per cent in the past 10 years. Much of this growth, however, reflects youngsters who are being diagnosed early and staying on the drug longer, well through their teenage years. New estimates suggest that as many as two million North American children use daily doses of Ritalin to improve their concentration skills, down from much higher estimates a few years ago. Researchers now feel that roughly two per cent—possibly as many as three per cent—of school-age Canadians use Ritalin or some kind of powerful stimulant to get them through their day. At the very most, that means 145,000 kids.

It sounds ironic that a stimulant helps those who are already hyperactive and bouncing off the walls. "It's a funny story, how this works," admits Dr. Russell Schachar, senior scientist at Toronto's Hospital for Sick Children. "Sometimes I am not even sure I believe it myself." Researchers at the Hospital for Sick Children have just won from the Medical Research Council of Canada to try to chase the genetic root of ADHD. To date, the evidence reveals that the brains of those with ADHD lack a neurochemical in the frontal lobe where attention and decision making is concentrated. "We believe these people are actually under-aroused," explains Schachar. "The stimulants is the body's way of making some kind of adjustment for that."

Ritalin, the popular trade name for methylphenidate, provides the brain's neurochemicals and is classified by the body within four hours. Developed in the 1950s, it was used at the war effort by both the Nazis and Allied forces to keep soldiers alert, and has been prescribed for ADHD children since the 1970s. Side-effects can include sleep problems, loss of appetite and, in rare cases, fatal fits. Some parents take their children off the drug during the summer months to help restore the weight that was lost due to the school year. But for the 80 per cent of ADHD sufferers who can handle daily Ritalin use, "it is the gold standard of treatments," says Dr. Stanley Sater, chief of board of psychiatry at Dalhousie University in Halifax, "as effective as antibiotics" for other diseases.

But while the short-term benefits of Ritalin are proven, there have been few studies of its long-term effects. And Schachar believes that there is no solid evidence that stimulant medicine has any impact on scholastic achievement. Teachers and parents tend to approve of the drug because it makes unruly kids more manageable and more social—which is not a bad thing. But it is not the easy ticket to good grades or even success at school.

Not in a case that works solely on its own. "The line that is fed to a lot of parents is, 'You've got a problem,'" says Doreen Baicker, a mother of four boys, three of them with ADHD. "So, 'We've got a problem.'" In Baicker's mind, the "we" includes the local school, the school board, plus the specialist who does the initial evaluation. An armed force family that has just moved to North Bay, Ont., the Baickers have seen it all: sleep disorders, psychomotor delays at school, teachers who could not cope with their son in a class of 30, principals who felt the problems would just sort itself out.

But Baicker believes that parents must learn to agitate on behalf of their children. In the case of their youngest son, Matthew, 12, they have worked out a plan where he gets called whenever he feels overwhelmed. They have created an individualized education plan



#### HYPERACTIVE: Schachar questions whether there is a drug strong enough to control some ADHD kids

with his teachers so he can proceed with many projects at his own pace. And they have devised a set of concrete strategies and phrases for parents and teachers to use to try to calm him down. "Contentment field" means that Matthew is to engage himself in a task slowly lifting up the sides and bringing down the lid. "Grounded" is a signal the Matthew is to sit and ground himself if he is overly excited. "Resistance is futile" means there are some things, such as homework, he just has to plow through.

There are alternatives to Ritalin, including physical therapy, but the best is distraction. Many people believe that the disorder is created or at least fed by certain food additives or sugar, and the Internet is chockablock with ADHD natural diets. But while Schachar believes that an altered diet may help some children, it appears to have a limited effect, making ADHD students from class room distractions does not seem to have much impact on their learning habits either, the research says. "These kids are educating," says Schachar. "They are taught to parent and they should be heard on teachers. I don't think there is a drug or a tool or a strategy that is strong enough to control some of them."

The research, too, seems to show that parenting is the key component in dealing with hyperactive kids. A recent study by the U.S. National Institute of Mental Health examined 100 ADHD boys aged 7 to 17 in Montreal and New York City over a period of two years. The children, all on Ritalin, were divided into three categories: those receiving no therapy; some therapy; and intensive behavioral therapy involving parents and teachers. Says McGill University child psychiatrist Lily Hechtman, who helped co-ordinate the study, "The surprising thing was that there was no substantial

damage to try to silence certain parts of the brain. Less distracting classroom settings and diet. Many people believe that the disorder is created or at least fed by certain food additives or sugar, and the Internet is chockablock with ADHD natural diets. But while Schachar believes that an altered diet may help some children, it appears to have a limited effect, making ADHD students from class room distractions does not seem to have much impact on their learning habits either, the research says. "These kids are educating," says Schachar. "They are taught to parent and they should be heard on teachers. I don't think there is a drug or a tool or a strategy that is strong enough to control some of them."

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differences among the groups." Everyone made the same academic and social gains. In the end, the researchers could only conclude that families who were motivated enough to get their children into a structured brain had what it took to keep even their most hyperactive youngsters behaving in the right direction.

The McChesneys, like the Baickers, advocate a blend of positive parenting, modest goals and flexible structure. "Often what is negative in childhood can be very positive in adulthood," Ken McChesney says, speaking of Andrew. "It is a small step from anathema person-to-deter-minations. Or from being a pain in the ass to a successful writerly admitted for her high-energy level." In the long run, says McChesney calls, "total discipline" may be the key to surviving the journey of hyperactivity. □

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## Coming-of-age with Atwood

**A biographer explores the life of a very private author**

BY DIANE TURBIDE

hen Rosemary Sullivan was a student at a Quebec Catholic high school in Montreal in the 1960s, one of the nuns used to take her outside the classroom to chastise her for being too "pious."

"The girls would be proud of me. The girls would be proud of you," recalls Sullivan. "Boy, if Protestants are into it up about sex, then Catholics have trouble with pride." The issue of confidence is central and she also led a group of students to write the 51-year-old Sullivan, especially how it figures in the lives of women authors. And it led her to write *The Red Shoes*, a biography of Margaret Atwood, Canada's celebrated novelist and poet. That fiction also led her to write *My Sister's Keeper*. In an age of tell-all biographies, she is a U.S. president's second-in-command as part of the daily newscast, she has written a biography of a famous person without knowing him, and she has written about and domestic violence.

instead," he explains, "it's really a story of a female writer coming of age at a time when boundaries were opening up for women writers, and of a Canadian writer at a time of bloody rationalism." She expects to be criticised for treading lightly into Atwood's personal life. But, she says, "The writer's book I want to read."

It is the University of Toronto professor's third novel to be serialized. By Stuart, her pen pal of writer Elizabeth Stuart, was published in 1961 as *Shadow Maker: The Life of Geraldine Maclean*, appeared in 1982, winning the Governor General's Award for fiction, and in 1992, a second of her novels. The book is a loose retelling of about 20 very different female writers. *Outwashed* by Stuart was a widely hailed novel of romantic obsessions called *The Grand Gesture*, *Just One Day* and *What is the Use of It?* and they found it for 30 years. And *MacLean*, who wrote over 20 books in 20 years, died of age 65 in 1987, while trying to give up alcohol. Stuart, who supported her lost children by poet George Barker, told *Stell* was that she suffered a loss of control over a family made of

world. MacLennan, meanwhile, of ten felt that the price of art in Canada was loneliness, not to mention ingovernmentalism. Abowed, by contrast, is at the peak of a three-decade career that has brought her international fame and wealth; she also has a stable family life with her partner of 25 years, writer Graeme Gibson, two sons and a daughter. After the first two biographies Sullivan says, "I had begun to worry I'd inadvertently perpetuated the idea that the life of a woman writer has to be tragic." Abowed was the authentic alternative.

There was, of course, the daunting prospect of chronicling the life of a living subject. "It's not dead" was Atwood's initial response when Sullivan approached her about the project, and she knows for protecting her privacy that Sullivan stressed that she was more interested in Atwood's creative life than in gossip. In fact, Sullivan professes some ambivalence about biography itself. "I love that word space where you're colliding with a fictional narrative style," she says. "But I mean, once I find that the biographical form is a pre-occupation, I mean, there is no way I'm going to speculate about the psyche of a subject who may be simpler at the next table."

But if Alwood himself considers that, had she wanted to do a more personally probing biography, it been difficult. Some of Alwood's aging novelist Jane Rule, declared to her (Damon, it, there are *available* people," says Sallustia. Others may say about discussing someone of Alwood: "Like it or not," Sallustia notes, she are perceived as off-limits without think she is one of them. But that she think she goes around trying to convince herself makes clear that interviewed Alwood several times and

As Sullivan prepared the questions that intrigued her—what, gave *Atwood* her strong belief in her self-identity? how did she deal with the seemingly conflicting roles of wife, mother and writer?—the biographer discovered some parallels in her own life. Like *Atwood*, she could cred herself an outsider at school, even though she earnestly participated in activities. “I always thought of myself as shy, unasserted, a wallflower, even though I was president of the student council and was on the basketball team,” she wrote. I even wrote a business column in the



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# How she manages to have it all

Does a new portrait avoid Atwood's shadows?

BY JOHN HEMROSE

## THE RED SHOES

By Rosemary Sullivan  
(Olympus Colossus, 329 pages, \$38)

In her admiring new biography of Margaret Atwood, Rosemary Sullivan passes on a story about the writer that vividly catches her youthful ardor. One day when she was in her mid-thirties, she dropped in at the home of poet John Newlove, who had been drinking heavily with his friend fellow Prairie writer Patrick Lane. The men's conversation about literature had degenerated into a series of long silences punctuated by the occasional pseudo-profound utterance. Frustrated, Atwood cut to the heart of the matter, demanding to know what their poetic ambitions were. After some drunken dithering the two declared that what they wanted most was to win a Governor General's Award. As Lane recalled later, Atwood was indignant at their modest expectations, declaring firmly that the only goal worth pursuing was the Nobel Prize. Swinging down her boot, she then left the room.

Atwood has not won the Nobel, at least not yet. But the prize 54-year-old traveler *Carla's Eye* (Alma Gross) and poet (Penguin/Pulitzer), *Morning in the Canadian House* has become internationally famous on a scale no Canadian writer of serious literature ever has. She is, in her own words, "one of the few literary writers who has gotten lucky"—which means she is read not just by intellectuals, but by housewives, chartered accountants and farmers. For Sullivan, Atwood's success makes her a kind of feminist beacon, a living rebuke of the old romantic view that women artists are doomed to a life of solipsism or tragedy. That might seem like an outdated notion today, but much of *The Red Shoes* serves as a reminder that as recently as 30 years ago—when Atwood became a post starting—there was widespread prejudice against female writers. Sullivan relates how in 1966, when Atwood was giving her first poetry reading, poet Irving Layton fatally attempted to sabotage the upstart writer by simultaneously reading his own work from the podium.

Sullivan's professed aim in *The Red Shoes* is to plumb what she calls "the mystery of artistic confidence," to discover how Atwood



has managed to forge both a successful career and a satisfying private life (she has lived for more than 25 years with poet laureate Grace Gibson, with whom she has a daughter, 22-year-old Jess). In her introduction, Sullivan calls her book a "nostalgic poem" but this is not the case. *The Red Shoes*—the title is from a 1944 film that depicts the young Atwood, about a girl who wants to be both a dancer and a wife and is punished with death for her ambition—is definitely a biography, and often a fascinating one. But Sullivan's story (she has extensive access to Atwood and her archives) also offers such a tactful, skimming portrait that it obscures a great deal.

Nowhere is this more evident than in Sullivan's depiction of Atwood's unusual childhood. Born in Ottawa in 1939, she was the second of three children of strong, independent-minded parents. Atwood's mother, also named Margaret, was a university-minded dietitian with a gift for storytelling. Her father, Carl, was an em-



With Pa in 1971: a childhood of learning outdoor skills on the bank



With artist Charles Pachter in 1970, part of a cultural explosion



The author in 1968 (above left) and with daughter Jess (above right) the mystery of artistic confidence

ployer who for part of the year took his family with him into Canada's northern woods. From an early age, Atwood learned to canoe, fish her way through the bush, scale fish, and shoot guns and bows. In late spring and early fall, after academic year, her mother taught her and her older brother in their family-grade cabin, and Atwood did not spend a full year in school until Grade 8, after her family moved to Toronto.

Sullivan rightly traces Atwood's notable self-confidence to these early years, but she also ignores the hints in her own narrative that Atwood is lonely. Yes, any child, had its teenage love—and that Atwood certainly earned her own share of psychic stress into adulthood. Where else does the buried grief, anger and sense of alienation in her writing come from? To attribute to At-

wood a perfect childhood, and a psychic unresistibly free of demons, is to fail to see just how complex her achievement really is.

*The Red Shoes* is not as fierce as *Atwood or Atwood at Atwood*, but her struggle to become an artist reads more obvious than it is. After graduating in English from the University of Toronto, the young poet—she was by now publishing in Canadian literary magazines—enrolled in graduate school at Radcliffe, the all-women university at Harvard. In 1961, she was dismissed by the intensely class-conscious students for moving to other things. Inside students were not allowed access to the university's modern poetry collection in the Lacoste Library. Yet being in the United States taught her much. Her studies showed her that America, too, had gone through a period of rampant cultural insecurity and nationalism in the mid-20th century—a heartening lesson for a writer who would become a major player in Canada's cultural explosion of the late 1960s and '70s. She also met Jan Pulk, a sensitive, witty graduate student from Montreal whom she would marry in 1967. Pulk's recollections of Atwood are instructive and often amusing. He recalls one costume party at Harvard where Atwood's wicked sense of humor was at work: she came disguised as Cleopatra's breast.

Atwood's career as a graduate student stretched, with many interruptions, far half a dozen years. During that period she had an affair with Geoffrey post-D. G. Brown, which Sullivan mentions so obliquely that it is over before the reader realizes it has begun. She also worked at odd jobs including market researcher, and despite never finishing her PhD, began a university teaching career that would take her to cities across Canada. At 27, she became the youngest person to ever win the Governor General's Award with her 1967 poetry collection, *The Circle Game*. She was also working steadily at fiction, publishing her seminal debut novel, *The Edible Woman*, in *Canadian Review* in 1969, then following it up with her 1972 success, *Surfacing*. Sullivan ably traces the development of Atwood's early novels, but—a point herself—is clearly more taken with Atwood's enormously original and witty. She quotes extensively from early collections such as *Power Politics*, and her reading of the poems is sensitive and enlightening.

Sullivan is especially good at placing Atwood in the context of the Canadian cultural scene. The writer both contributed to and took strength from the sudden, intoxicating explosion in the arts that Canada enjoyed 30 years ago. In the early '70s, Atwood added considerably to her work as a teacher and writer by editing anthologies for the outstanding novelist publisher The House of Anansi. By then, her marriage to Pulk was over (Sullivan is vague about why, selecting mainly procedures about the difficulty of staying together in that mobile, home-sharing world). In 1973, Atwood and Gibson, a novelist and cultural activist whose own marriage was crumbling. The two began an affair, meeting at first in the basement of one of Toronto's Longhouse Bookshops, but soon being together—for several years in a working farm.

Sullivan leaves Atwood there in the mid-'70s, with a new man and a new baby in her arms, just as she began to come a considerable time as a writer. Her most famous books, such as *The Handmaid's Tale* and *The Robber Bride*, lie ahead of her, but she has already become the confident and productive artist Sullivan so much and critically celebrates—sees if the biographer's insights avoid these shadows that would have helped convey a more subtle picture. C

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## Television Fortunes in fur and fizz

**EMPIRE OF THE DAY**  
(CTV, Sept. 7 to Sept. 30, 8 p.m.)

**F**or centuries before its modern incarnation as a retail chain, the Ideal Toy's Toy Co.—which began in 1920 as a two-store monopoly over British (and some of French) North America—was more than just a toy business. It was also, for good or ill, an integral player in the birth of the nation. That, at least, is the central argument in *Empire of the Day*, a four-part documentary based on Maclean's columnist Peter C. Newman's best-selling trilogy. The series aims little to surprise history buffs, but it may make others look differently at the familiar domestic scene.

*Empire of the Day* certainly has no lack of compelling characters. It begins with the engineers—spurred by a sense of adventure or sheer necessity—who charted the three-unknown tracts of North America that would later become the company's heart territory. There are the familiar stories of Cartier, Champlain and Explorateur; Henry Hudson, who perished in 1611 after explorers stranded him in the vast northern bay that would later bear his name. But to its credit, the show also examines the lesser-known contributions of Henry Kelsey who explored the Canadian prairie and Violet Fegert Redhouse, a key figure in both the French and the English fur trades. From there, the series delves into the company's role in the French-English conflict, and its sometimes-violent competition with the upstart North West Co. Empire devotes much of the final episode to company saviour Donald Smith who, after an illustrious political career, became in 1897 Baron Strathcona—a man who owned at least part of everything of value in Western Canada.

Tracing 336 years in four hours is a tall order for any historical effort. *Empire of the Day* takes advantage by at first it is less successful, however, as television, whose demands also include being entertaining. Director John McGrovey has ennobled the "heritage quotient" tactic of dramatic recreation, and instead relies for visual context on trite renderings of events and on repeated images of the North polar bears, icebreakers, walrus and the vast (and silent) shots of spawning sturgeon.

Most of the show's sparse drama is supplied by the able narration of Robert MacNeil and by such well-known actors as Colin Firth, Gordon Pinsent and R. H.

Thorsen, who read from the tales of journals, letters and loggers written by the men and women who are part of the company's history. Unfortunately, these readings are often dull and commonplace. Consider this blurb from the journals of Alexander Maclean, who in 1700 became the first European to reach the Pacific coast over land: "At 7 o'clock p.m., our hunters killed a grouse"—dramatic pause—"and several ducks." Subtle and unimaginative, the strength of *Empire of the Day* lies in its solid prices of the historical material, not in its presentation.

**THE COLA CONQUEST**  
(CBC, Sept. 7 to Sept. 9, 9 p.m.)

**A**n attractive young woman stands on a high platform and starts to sing, as other people—male and female, white, black, brown and yellow, young and old—join her with bottles in hand, and take up the chant: "It's Me to buy the world a Coke." On one hand, that 1971 commercial—released at the height of the turmoil over U.S. involvement in the Vietnam War—was inspired and uplifting, portraying Coca-Cola as a tonic to a nation at odds with itself. On the other hand, it represented the apex of corporate cynicism—an attempt to reduce the great social and political issues of the day into a pitch for a cheap bottle of fizzy.

The strength of *The Cola Conquest*, a three-hour look at the history of the Atlanta-based Coca-Cola Co. by Montreal producer-director Irene Angelico, lies precisely in that kind of double perspective: it draws back the curtain on the world's most famous product to reveal the men, mathematics and social forces that shaped it. Relying on archival material and perceptive interviews, advertising gurus and social commentators, the documentary traces Coke from its humble beginnings in Georgia—where a morphine-addicted Civil War veteran, John Pemberton, peddled his secret formula as a one-of-a-kind sheltered nerve—in its current status as a pop empire worth about \$180 billion.

Along the way, the show, filmed in seven countries, gives the scoop on the cola wars, the infamous "bata battle" between Coke and Pepsi, and demonstrates among other things how the Coca-Cola Co. more or less created the modern image of Santa Claus—puffy, fat and clad in the same red and white of the company symbol. The final episode looks at the company's aspirations in China and the rest of the Third World, a process one commentator calls "an adventurous cultural war." Controversial and effervescent, *The Cola Conquest* is a fascinating portrait of mankind's destiny in a bottle—and worth watching, even for Pepsi drinkers.

JOE CHIDLEY

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# Peter C. Newman

## Facing death—and a double deadline

**L**ast week, when I was discussing likely subjects for this column, my editors at *American*’s quite accurately suggested I try a serious change of pace from fellow executives and living personae such as what I did on my holidays. So here it is.

It was a holiday to die for. Well, almost.

The sequence of events, which until now only my family and one other person knows about, started in early June, when I was in Toronto to collect a “lifetime achievement award” from the Canadian Journalism Foundation. I began my acceptance speech by pointing out that it was dangerous precedent to accept “lifetime” awards, when I still had plenty to say. At the time, I was only days away from a crucial medical test that would take place once I returned to my West Coast home. It would confirm a life-threatening blockage first diagnosed during my earlier routine annual medical by Dr. Jim Penguin, the Toronto doctor who has been considering me with good reason and in my opinion for most of the 40 years I have spent at *McGraw-Hill*.

During my Toronto visit for the awards ceremony, I asked my editors to consider dropping my column for a few weeks in the summer, not stating the real reason was concern for my health. Then, when I went to see Allan Fotheringham to congratulate him on his marriage to the wonderful Anne Luby, I was upset to learn he was about to undergo a prostate cancer operation. I was doubly upset when my editors asked me to move my column to this anchor position in the magazine while Fotheringham was recovering. I was worried not only for him, but concerned how I could maintain my writing if the test result proved as serious as I feared it might be.

It was worse. Victoria cardiologist Dr. David Hilton starkly informed me that my left main artery was more than 90 per cent blocked, that I was lucky I had made it this far, and that I would require an emergency bypass operation within 72 hours. But B.C. doctors were staying one of their slowdances to protest the government’s pay scales, and I didn’t get into the operating room until five days later.

My wife, Amy, and daughters Dawn and Brenda held down the fort, which included nightly servings of schnitzel and sauerkraut from the Katholik, Victoria’s premier central European restaurant, would feed for a Vienna boy like me. *Amy* had recently read an emotionally charged short story in *Chatelaine* by Betty Jane Wylie. Wylie, a widow herself, tells the story of a woman, at a time when a pay phone call cost only the cents, who succeeds in placing a call to her late husband.

Allan Fotheringham will return next week

My only experience of operating rooms was from watching *MASH*, but I knew that surgeons enjoyed operating to music. So when surgeon Dick Browner appeared at my bed to give me a briefing, I had only one question: does he take musical requests? I handed him a tape of my favorite Stan Sarason songs. He obliged and the OR staff was bringing us they cut me open.

When I was wheeled away for the operation, I pressed a nickel into *Amy*’s hand. Seven hours later, I woke up hurting but alive, and opened my eyes to a new lease on life. The concern and kindness of my family and my friend, the Victoria poet Doug Beattie, carried me through the next two weeks.

The quadruple bypass had been a success and I can now enjoy renewed vigor and a healthy future—at least 20 years without heartaches. But I was in terrible postoperative pain from having had my ribs cage sawn in half and my heart worked on to insert new veins, one of them taken from my leg, which now looked like a purple snail. The accepted postoperative procedure required two months of strenuous, vegetable-like recuperation.

But Penguin Books, my publisher, had already scheduled a first printing of 100,000 copies of my new book, *Thru*, for the fall, and I still had seven chapters to write. I also had a *Maclean’s* column due and still had half a dozen tables sticking out of me. Granted special dispensation, I wrote two columns in the cardiac critical care unit by balancing a portable computer on my knees.

To find a sanctuary where I could work and heal, *Amy* and I moved aboard our boat, the *Starfish*. Myself. It was in its tiny hull I met the successor *Maclean’s* columnist. I told no one of my dilemma, except Cynthia Good, the president and publisher of Penguin, because I needed a deadline extension, compressing the book’s publishing schedule from six to three months. What made it all bearable was *Amy*. She became my nurse, in-boat editor and passer-on of news. I failed to virtually re-see during that strange recuperation, which included a rushed trip to hospital with a suspected blood clot and Dr. Hilton making best calls, to see if my rapid return to writing was causing my danger.

Looking back, it was a renewing experience, both spiritually and physically. I had my health back, but it was a hell of a way to get it. Lying there with my chest alone with pain, I resolved that living the passion of your times as writers do is not enough. I also knew, finally, that Newman is human, even if my critics will continue to deny that theory. And I came to treasure even more the person I love very much in my best friend and companion.

Besides, with Joe Clark and Bill Vander Zalm making comeback, I figured this was not a good time to check out. Canada needs me.


**IBM**

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